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Letter from the Chief Executive



It is with great pleasure that I introduce Ross Butler as the first-ever Guest Editor of the Impetus e-newsletter. As the former Editor of Real Deals and current Head of Communications at the European Private Equity and Venture Capital Association, Ross has analysed private equity and venture capital activities for the past decade.

In the following editorial he responds to the sometimes-asked question about what value executives from the financial world can bring to organisations in other sectors. This is an incredibly timely question given recent data that has shown a dramatic increase in the number of professionals – including many former City workers – interested in volunteering (a 30% increase in volunteering enquiries from 2007/08 to 2008/09 according to Volunteering England).

Our work with fourteen very different charities and social enterprises has shown time and time again that professionals with expertise gained in one sector *can* be of tremendous value to individuals and organisations in another sector. Indeed, a number of our portfolio charities' CEOs have commented that while they were initially attracted by the strategic, unrestricted funding we offer (a rarity in the third sector), it is also the hands-on management support of our charity investment team, along with the expertise of highly skilled professionals (who volunteer their skills) that have really helped them propel their performance forward.

This is part of the art of the venture philanthropy process - identifying professionals with the right skill set and the right attitudes to support the specific needs of the charities and social enterprises in our portfolio. Our charity investment team dedicates significant time to finding top-notch people, creating a proper brief for every assignment, getting the right fit of personalities, and monitoring the work so that it results in satisfaction and learning on both sides. We know that this degree of care pays off, with resulting portfolio growth rates many times the sector average. This is growth that could not be achieved without the many generous and talented professionals who share their skills for the good of society.

I hope you continue to be inspired by the work of our portfolio charities and we look forward to working with you to help turn around many more lives.

Daniela Barone Soares

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Guest Editorial: Where resides moral authority?



Following the financial crisis, Ross Butler asks whether the damage done to the City's credibility has diminished the authority of finance providers to also offer strategic and business advice.

The financial world has been found wanting. Its value to society questioned; its 'sophisticated' structures and business models exposed as dangerous and self-serving in the public consciousness; trust is at an all-time low.

These are generalisations, of course. There are many measured, intelligent and helpful individuals involved in finance, whose practices were a million miles from the risky behaviour that brought on the crisis. Nevertheless, for those investors who sit on the cusp of finance and the real economy, backing real businesses and charities with both capital and expertise, this has prompted a shift in the psychology of relations between investee and investor. What can active investors teach aspirational organisations and charities that is worth knowing? Do those who have made their fortunes in the City retain the moral authority to condescend entrepreneurs in the real world?

A few years ago, an investor spiel may have run: "By taking our capital, you are also gaining 80 man-years of board-room experience; the finest minds in the City; individuals who have secured the prosperity of our country's largest and most complex institution – we can do the same for you."

Today's sub-text of a pitch is different: "The economy is spiralling, finance has evaporated. Other parts of the finance industry are culpable. Now about your own requirements...."

But the value of venture philanthropy, and indeed venture capital, lies not just in access to finance, but the co-operation and partnership between investor and investee company. At stake here is something more important than balance sheets and deficits: it is the credibility of, and trust in, providers of finance. This must not be jeopardised by stigma.

In no sense did venture capital and philanthropy providers play a role in the financial crisis, and in many ways such investments can be seen as the antithesis of short-term trading cultures.

But perception is all, and it must be managed. In essence, there is nothing wrong with a healthy dose of scepticism in money matters. To paraphrase Keynes, it's not a lack of trust that is dangerous, but blind overconfidence. So prospective investors will, for a time, have to work harder at demonstrating their real value. While investee board members will need to do their own thorough due diligence. But lest scepticism reigns, some principles of engagement: investors should undertake careful and consistent application of humility. Investee organisations should be willing to judge opportunities and people case-by-case. For all parties, patience, and a generosity of spirit.

Ross Butler, Head of Communications at the European Private Equity & Venture Capital Association and former Editor of Real Deals, is guest editor for this month's Impetus e-newsletter.

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Q & A with new Impetus Chairman, Louis Elson



Louis Elson, Managing Partner and co-founder of Palamon Capital Partners, and new Impetus Chairman, on the societal impact of smaller charities, the value of being prepared, and his ambitions for Impetus' battle-tested model.

You were an Impetus trustee before being appointed Chairman; what first attracted you to joining the Impetus board?

My past philanthropic activities had always concentrated on larger charities, as I felt that smaller charities, while doing good works that I may have been predisposed to support, were simply too small to have an immediate and lasting effect. That was until I met Impetus, which took my working assumption and turned it on its head: what if we could use capital and expertise to help those smaller charities, with best-in-class engagement models, grow and achieve significant societal impact? I was smitten!

Why did you decide to stand for the Chairmanship?

At my first board meeting, I was astonished by the quality of this organisation. Not only was the meeting itself extraordinarily prepared with well-considered plans, quality documentation and thorough presentations, but I

found every one of the trustees and staff around the table to be thoughtful, active, committed and deeply engaged in the issues of the charity. That quickly drew me into developing a more active involvement alongside the others. When sometime later the Nominating Committee approached me about being considered for Chairman, I jumped. Impetus will do that to you!

What are your aims as Chairman?

I think it is less about my own aims than those of the organisation itself. There is no question that Impetus is ready to take the next step in its own development. The venture philanthropy model as conceived and initiated by Stephen [Dawson] and Nat [Sloane] has been battle-tested in a variety of sectors and circumstances, and is now ready for application to a wider and deeper degree. My job will be to lead the trustees as they support Daniela and her team to accelerate the growth of Impetus safely and thereby dramatically increase its impact on the social landscape. As a private equity entrepreneur who has specialised in helping young companies execute successful growth strategies, I am fortunate to have a skill set very well-suited for the task.

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New Giving Club to magnify donor impact

Become a 'Friend' by committing to just £1k a year

A brand new way of giving to Impetus - the Team 2015 Giving Club - has just been launched. It has been created so like-minded donors can pool their gifts for even greater impact than they would be able to achieve individually.

Team 2015 aims to raise £750,000 by 2015, to enable Impetus to invest in more new charities and social enterprises each year. You can join either by becoming a 'Friend' (this involves committing to an annual gift of £1k for five years) or a 'Champion' (committing to an annual gift of £5k for five years).

Members of Team 2015 will benefit in many different ways, including receiving opportunities to network with other Impetus Friends or Champions, acknowledgement and recognition in Impetus publications and invitations to special events. If you would like to find out more about Team 2015, and joining a group working together for even greater impact, please contact [Alexandra McGill](#).

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Impetus invests in award-winning social enterprise FRC Group

Liverpool-based social enterprise FRC Group consists of three social businesses, which collect, refurbish and sell, or recycle 'pre-loved' household furniture to low-income families and social landlords.

Throughout the three businesses training opportunities and placements are offered to the long-term unemployed and other disadvantaged people so they can gain relevant skills, qualifications and work experience to enable them to start a new career.



Impetus has invested in FRC Group as its model has proven results in engaging and progressing the long-term unemployed back into work. In addition, it has ambitious growth plans and has already started to grow its sales and expand its operation from its Liverpool base.

The aim of the investment is to support the development of FRC Group's business model to help FRC achieve its ambitious growth plans, which include trebling the number of training opportunities for economically disadvantaged people.

pictured left: Bulky Bob's, one of three social businesses in FRC Group

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Update on Impetus SROI pilot

Impetus is one of the first grantmaking organisations to be piloting a newly developed Social Return on Investment (SROI) methodology, spearheaded by the Cabinet Office and SROI-UK.

SROI allows an organisation to understand the impact its work has on key stakeholders by creating financial proxies for impacts that do not have market values. Impetus Investment Executives - along with pro bono experts Lynn Strang, Laurie Richardson, and Matthew Elson - have been working with a number of portfolio charities to pilot SROI-UK's methodology.

The pilot will be completed later this year and so far our findings suggest that SROI has much potential beyond providing an expression of a charity's impact in monetary terms. Rather, Impetus believes there is potential for SROI to be used as a management tool by a charity, to help it analyse the results it achieves from its activities, driving investment and resource allocation decisions to enable the charity to achieve even greater impact.

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Eating disorders charity transformed by Impetus investment

beat is the only national charity dealing with eating disorders, which affect an estimated one million people in the UK. It offers information and support to those affected and campaigns for better services and treatment. *beat* recently graduated from the Impetus portfolio following a complete transformation, which has enabled it to improve the lives of many thousands more people.

In 2003, *beat*'s CEO, Susan Ringwood, approached Impetus as she had an ambitious plan to reach many more people. While *beat* was achieving significant results in its area of work, she believed there was much scope for the charity to raise its profile and achieve earlier prevention and intervention.

Impetus entered into a partnership with *beat* in 2004, and during the course of this invested £325,000 of unrestricted funding, along with the equivalent of an additional £345,000 in pro bono expertise on specific projects. These included a complete re-brand – from the charity's previous name of the Eating Disorders Association to '*beat*' - to raise awareness of the organisation, strengthening the financial systems and processes, and boosting its sustainable income.



In November 2009, *beat* 'graduated' from the Impetus portfolio having achieved the step-change that Susan envisaged. The number of people supported by *beat* has grown significantly, increasing from 2% of the estimated number of sufferers in the UK in 2003/4 to 11% in 2008/9. Fundraising has been refocused on more sustainable sources, and the organisation is run more efficiently following the implementation of more sophisticated financial systems and a performance measurement tool.

pictured left: Stephen Dawson presenting Susan Ringwood with a graduation memento

As Susan said: "We needed to undergo a complete transformation and Impetus offered us exactly the sort of hands-on support required to achieve that goal."

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Join us in marathon history!



Impetus is delighted to have been chosen as a beneficiary of the 'Marathon of Marathons', taking place in Athens on 31 October 2010. This is a momentous event, commemorating 2,500 years since the Battle of Marathon and Pheidippides' epic run in 490 BC to Athens with news of victory.

Campbell Lutyens, an independent private equity advisory firm, and PEI Media are organising 250 runners, mainly from the private equity and infrastructure communities, for this once-in-a-lifetime race. The

aim is to raise €2.5m for charitable organisations, of which Impetus will be a recipient.

You could be a part of this too, and run in the very footsteps of Pheidippides from the battleground of Marathon to the Panathinaiko Stadium – home of the modern Olympic Games! To take part, each participant must pledge a minimum of €5,000 with the aim of raising €10,000 or more. Find out more by contacting [Alexandra McGill](#).

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News from our portfolio charities and social enterprises

[Read about the latest news from our portfolio of innovative charities and social enterprises, including:](#)

- St Giles Trust ranked 20th in Sunday Times '100 Best Small Companies 2010'
- Street League announced as a Football Association charity partner
- ICAP Charity Day raises over £180,000 for **beat**
- Kit Kat is Fairtrade-certified
- Fairtrade set as standard for London Olympics
- WINNER: Chief Executive of Keyfund wins Entrepreneur Award
- Blue Sky shortlisted for Parliament's Charity of the Year Award
- **Into**University expands further with fifth learning centre
- WINNER: Teens & Toddlers graduates win award
- WINNER: Speaking Up beneficiaries win disability award
- FRC Group creates new training opportunities for long-term unemployed
- NPL sees membership of youth group grow threefold
- Leap Confronting Conflict extends reach into Scotland

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