

## ICSB Foundation: A Legal Tax Exempt Corporation – Established 2013

### Question: Do we Ponder and Commit or Just Let it Sit?

Do we want to work to endow the ICSB Foundation so that it becomes a **functioning reality**? The key factor that will answer this question is whether a capable coterie of ICSB members and friends will actively support efficient and effective direct fund raising activity. Dale Meyer has spent significant parts of the last 19 months researching, interviewing professional fund raisers, and studying both charitable large foundations and for-profit fund raising entities. It is fundamentally clear that successful new foundations directly engage in effective and efficient fund raising to become a well-endowed entity. One of my interviewees was Teju Ravilocha, co-founder and CEO of the Unreasonable Institute that began with no funding and presently is a booming success. Teju learned how to fund “by doing it.” He has written a short but powerful set of recommendations on effective fund raising. I have the permission to copy this practical applied process and here it is. This is a document for discussion. **Would any of you like to engage in a conversation during this ICSB annual conference?**

What I am seeking is people who want to participate in the fund raising task so we can appropriately endow the ICSB Foundation. If your time and energy are now consumed with other projects and work that is quite understandable. But if you are available to take on another important task with an active group of ICSB Foundation promoters let's have at least a short meeting at this present Conference. **Leave me a message at the front desk along with times that you can make available and your room number where I can inform you whether and if so when and where we can meet. There is no pressure – if you cannot and will not pursue this request please know that I understand fully. Thanks for reading this paragraph.**

On the next page there begins a set of Teju's suggestions for fund raising. Although his suggestions were originally geared to startup companies, the suggestions also apply to the ICSB Foundation and its goal of building an endowment. My earlier prescription for funding [that was presented over one-year ago and twice emailed to all ICSB members] was to seek from ICSB members some research and mentoring/training projects that they would like to undertake. I would seek funding from carefully selected well-endowed foundations making connections as best I could. One response to my “call” for a research project was received and it had no connection with small business/entrepreneurship. Concept offered, useful replies zero.

So, what now Dale? I have done extensive reading and note taking about global un/underemployment and particularly among the world's young people. Presently I am synthesizing the research about this true crisis to use if and when we have “sold” or interested decision makers from large foundations or wealthy individuals. One service which experienced ICSB members can provide is mentoring/training workshops that produce new small and medium size enterprises [SMEs]. [Dale Meyer has such a copyrighted six-week workshop that he will give to a team that is ready and able to utilize.] There are other such mentoring/training programs “out there” with proven successes. Such mentoring/training can provide at least a partial solution to economic development and unemployment. Other “fine-grained” research is needed to humanize the world crisis of youth unemployment. A lot of speculation by commentators is available but such topics as (a) changes within leading-edge community colleges re: needed skill building; (b) how many corporations before and after the Great Recession recruited on college campuses; and, again before and after, which student “majors” [i.e. sciences, engineering, English, history, philosophy, et al.] What we read and hear in written and electronic media is generalizations; what we need is human situational research. Dale has many more topics related to his study of what he labels **The Societal and Robotic Revolution**. Many more books that include the long-term change and redefinition of work and employment are set for publication to add to the four books already available. Mother time is changing and will be quite active in upsetting many economic “principles” such as those Dale studied for his Ph.D. in Behavioral Economics. The ride will be bumpy. In the meantime the ICSB Foundation has positive potential to attract funds to broker research projects and build a significant endowment. We have the opportunity to have a “seat-at-the-table” in the transport from now to “then.” What follows is a succinct view of what real fundraising entails.

### 3 Battle-Tested Keys to Fundraising

Where These Keys Originate by **Teju Ravilocha**, co-founder and CEO of the Unreasonable Institute.

Back in 2009 when we were first getting started, I attended a fundraising bootcamp hosted by **For Impact**. That's where I met Unreasonable Mentor **Tom Suddes**, a wisecracking, self-deprecating founder of 19 companies, who can do 1,000 push-ups in a day, used to be a pro-boxer, and never seems to run out of energy. And he's raised \$1 billion himself, coached entrepreneurs to raise a total of \$1 billion, and is currently coaching his third billion.

#### Fundraising tips from the founder of 19 companies who raised \$1 billion (and can do 1,000 push-ups.)

Tom's got three keys to fundraising, which are relevant to both for-profit and for-impact (what the IRS calls non-profit) fundraising. They may sound simple, but do not be fooled. I used them to raise our most recent round of \$1.2 million in a few months! This blog post details the three keys and offers you templates and example emails to implement them!

## Key #1: Be with the right person.

This is the most frequently overlooked part of fundraising and perhaps the most important one to get right. Here are the steps to hone in on the right people:

- **Come up with an ideal profile.** What does your dream funder look like? What are their characteristics? Write them down and ask people in your network if they know anyone who fits your description.  
For example, if you were running a venture providing employment to people with disabilities in India you might look for someone who:
  - Has a loved one with a disability,
  - Believes in dignified solutions, like job training or livelihood creation, that allow people with disabilities to move out of poverty, rather than charity,
  - Is someone who you would enjoy having a beer with every week,
  - Is someone you'd want to be a mentor to you, and
  - Is of Indian descent or has traveled to India several times.
- **Come up with at least 50 prospects who match your ideal profile.** Put them in a "prospective funder tracker" [like this one](#). Keep this funder tracker regularly updated with all the conversations you have with potential funders (Note: Thanks to Unreasonable Mentor, [Billy Parish](#), for sharing the first version of this template).
- **Prioritize your prospects based on the 3 C's.** The funders who are most likely to give you money are those who meet the three C's. They *care* about what you're doing. They have the *capacity* to support you (which you can assess by looking at other funding they've done, looking up their personal background on google for a sense of their affluence, or simply having an honest conversation with them). They have a personal *connection* to you.

**Your Goal: have 25 prospective funders who care about what you're doing and have the capacity to support you.**

The funders who meet all 3 C's are your top targets and the first ones who you should ask. Many funders will care about what you're doing and have the capacity to support you. Build a personal connection with these funders and ask. Don't bother with those who don't care about what you're doing and de-prioritize those who don't have the capacity to fund you (although, it may be worth it to let them know you're looking for contacts who could help you raise the amount you're looking for). Your goal is to have 25 prospective funders who care about what you're doing and have the capacity to support you. You should assume roughly two of them will give you funding (Note: Thanks to former teammate Ian Kim for teaching me the three C's).

## Key #2: Predispose prospects in your favor.

If someone cares about your mission, has the capacity to fund you, and is positively inclined in your direction before you ask them for money, odds are in your favor that they'll agree to fund you. Predisposition, or the process of getting someone to feel like they want to support you before you even ask, is an incredibly important part of fundraising. Here are the most powerful ways to predispose someone.

- **Get introduced by someone they trust.** If you don't know this prospect, but someone they trust can connect you, ask for that introduction! Ideally, you want the connector to say, "Sarah, you *have* to meet [*insert your name here*]! What she's doing with [*insert your company here*] is beyond inspiring and amazing and I think it's one of the most impactful organizations I've seen. No pressure, but I'd love for you to sit down and learn about their model. If it's the right fit, it might make a great addition to your portfolio."
- **Write a thoughtful email explaining your intentions upfront.** Funders know why startups / early-stage organizations approach them. Yet, so many of these organizations mask their intentions by saying, "I just want to chat and get to know you." That sort of line annoys funders. It makes them feel like they can't trust entrepreneurs who approach them, who carry a secret agenda (that's actually obvious to everyone). So be upfront with them and start off on the right foot. [Here are a few email examples of how to do that](#). *Seek permission* to have a conversation with them about funding, rather than tricking them into having the conversation with you.

**Do your homework and explain why you believe you have a unique connection with the funder.**

- **Tell them why you chose them** (source: Adam Grant in [this blog post](#) on how to get important people to email you back). Sure, funders have money. That's why everyone wants to talk to them. But why do *you* want to talk to *this particular funder*? Make them feel special. Show them you've done your homework and explain why you believe there's a unique connection here. Tell them you're aware of their funding criteria and patterns (if they have any) and that you fall in those criteria.
- **Show, don't tell.** The single best way to predispose a funder to saying yes to you is to let them experience your work first hand. For example, we just received a large grant from a foundation. The reason they were willing to give us this grant is that they came to the

Unreasonable Institute, participated in our Investor Days and Unreasonable Climax events, got to meet our entrepreneurs, connected with mentors in our network, began working with our lawyer to help make deals, visited the work of several of our ventures, funded four of them, and got to know our entire team on a 2-day retreat in the mountains. By the time we asked them for funding, they were already huge fans of Unreasonable Institute. If you can't get a prospective investor to come see your work, get them as close as you can with videos, testimonials, and traction.

- **Be of service to your prospect.** Funders are always looking for connections to people they can co-invest / co-fund with, well-aligned deals, lawyers to help them disperse cash well, chances to learn about new funding models, etc. In your initial conversations with a prospect, get to know what you could do to help them. Then make sure that you do it!

#### Funders make high-stakes bets (worth thousands or millions of dollars)

**De-risk the idea of funding your venture by showing “social proof.”** Funders are often herd animals. They have to make high-stakes bets (worth thousands or millions of dollars) on stuff they know very little about, surrounded by uncertainty (startups / early-stage organizations). So they rely heavily on the opinions of other people who have investigated your venture. When you share what you're doing with a funder, give them some insight into who else is supporting you. For instance, we just got a \$256,000 grant from Rockefeller Foundation. You better believe we are sharing this with prospects! We also share a few examples of our mentors, press we've received, and results to date.

#### Key #3: Just Ask.

If you have connected with the right person and effectively predisposed them toward you, all you have to do is ask. This is where a lot of people struggle. But, if you've predisposed properly and declared your intentions from the start, all you have to do now is be direct. Here's how to do it:

- **Show them the levels they can come in at.** You may not know what capacity a funder has. So present various levels they could come in to fund you (e.g. \$50,000, \$100,000, \$500,000).
- **Show them what they get for their money: return or impact.** Explain to a funder exactly what she's going to get for giving you her capital. If that's financial return, walk her through your projects and your strategy for how you'll provide liquidity for investors. If that's impact, show a funder what their dollars will do. For example, 2013 Unreasonable Venture **MANA Nutrition** showed prospective funders that every \$60 invested in MANA could forever cure a child of severe acute malnutrition. A \$60,000 investment, therefore, would cure 1,000 kids!
- **Give them a 2-pager.** For our raise, I started by sending funders a 27-page document to read. Guess how many read it? Zero. Funders get tons of requests for money, so respect their time and start by sending them a two-pager. They'll ask for more detail if they want it. We have raised the bulk of our funds to date nothing more than having funders visit Unreasonable, a 2-pager, a budget, and a few phone calls + in-person meetings.

**Here's our two-pager as an example!** It should include the following elements:

- Your mission and company description in 1-3 sentences
- Amount of funding you're raising and deadline for raising it
- A visual of what you do
- Your traction to date
- The strategy you need to funding to make happen (ideally visually)
- Use of funds and high level budget (ideally visually)
- Timeline for implementation
- 
- **Follow up with them regularly.** They are going to take time to get back to you – they get lots of requests and it takes time to do diligence. So make sure that you stay in touch regularly. Typically, funders move more quickly if you impose a deadline and create a sense of urgency. Even as a non-profit, you can establish a final date for raising the funding.

#### I learned the hard way to make sure I do my homework

- **Know your budget cold.** Be able to justify your amounts. One of the first questions that funders asked me is, “Why do you need this much? How do you know it costs this much?” I was once discussing a grant of several hundred thousand dollars with a prospective funder, and as we were going through the funds needed I couldn't account for \$40,000. She still gave me the money, but she subtracted \$40,000 from the amount I requested. I learned the hard way to make sure I do my homework. Now, we include examples of past initiatives we've run that have similar costs as evidence, or we cite how much other organizations spend to do something analogous.
- **Give them an easy out so you can get clarity.** My good friend Ross Baird, Executive Director of **Village Capital**, uses the line, “No is my second favorite answer” to show prospective funders that they should be honest about their interest. You want clarity so you

can focus your time on the prospects most likely to fund you. See an example of an email I sent to a funder after about 3 months of chatting with her about it (fourth email in the google doc).

- **Make sure you commit to getting them what they want out of the relationship.** Funding is not a one-way relationship. Funders want benefit from the funding they provide. It's imperative you ask them why they'd consider funding you and what they want out of the relationship, whether that's return, recognition, learning, a chance to be on your board, or a chance to be associated with your inspiring work. Discuss this early with the funder and devise a plan to fulfill their expectations.

### A few other considerations:

- **Fundraising is really, really hard.** To an entrepreneur, funders are erratic, random, and slow to move. It's important for entrepreneurs to understand that their job is to predict the success of ventures without evidence. They are frequently wrong, and when they're gambling their hard-earned personal funds or hard-raised funds from others, they have a tough job. So **expect** that funders will be erratic, random, and slow to move.
- **Fundraising is at least 50% of a CEO's time.** That's 2.5 days out of every week focused on only fundraising. If you have to choose between building your company and fundraising, prioritize building your company (because a better company is more likely to attract funding). But, ideally, entrust building your company to your team and make fundraising your focus (source: Paul Graham).
- **If you have to choose between building your company and fundraising, prioritize building your company.**
- **You can't do it alone.** Fundraising is emotionally grinding. It takes a long time, you don't usually know where you stand, you put in a lot of effort for a delayed payoff, and it's harder than you expect. Much harder. Therefore, you are unlikely to progress without support from a "fundraising committee" or a "fundraising mentor" checking in with you once every week. The role of this fundraising committee / mentor is to go through your list of targets with you and ask you where each relationship stands, what progress you've made since last week, and ask you what next steps you're going to take. Their job is really to serve as a mirror of your progress and hold you accountable. If you leave it to yourself to fundraise, you'll put off making asks, drop key next steps, and focus on smaller urgent tasks that pop up. (Many thanks to Unreasonable Mentor, Scott Leonard, for being my fundraising committee and believing in me through our raise!)

In summary, as you prepare set forth and raise the capital you require, remember:

- Be with the right person.
- Predispose them in your favor.
- Just Ask.

You just may surprise yourself...

### COMMENTS FROM READERS OF TEJU'S 3-KEYS DOCUMENT ABOVE

**Reader 1:** This article is very, very helpful. **Many people think that when they need to fundraise, the right person will just fall into their lap and want to donate to their cause.** Then they soon realize that in order to find the ideal funder, they must put in some work in order to find that person. I like these three points because it breaks it up from trying to find the right person, to the best way to be introduced to start your relationship with a base of trust, and finally to **just ask for what you need versus beating around the bush.** I do feel that if someone is looking for a funder to fund a significant amount of money, following these steps will make them more successful.

**Reader 2:** I don't have personal experience in the kind of fundraising you're talking about, so take this with a grain of salt. But I do believe that **these principles of fundraising can be applied to most every fundraising context.**

**Reader 3:** Thank you for your post! It is incredibly helpful. You make it sound so easy in the beginning, yet are **honest about how much time and energy it really takes to do fundraising right.**

**Reader 4:** This was awesome advice. I am currently in the process of setting up a fundraiser for the American Heart Association and it is certainly not as simple as I thought it would be!

### Further comments by Teju responding to readers' questions:

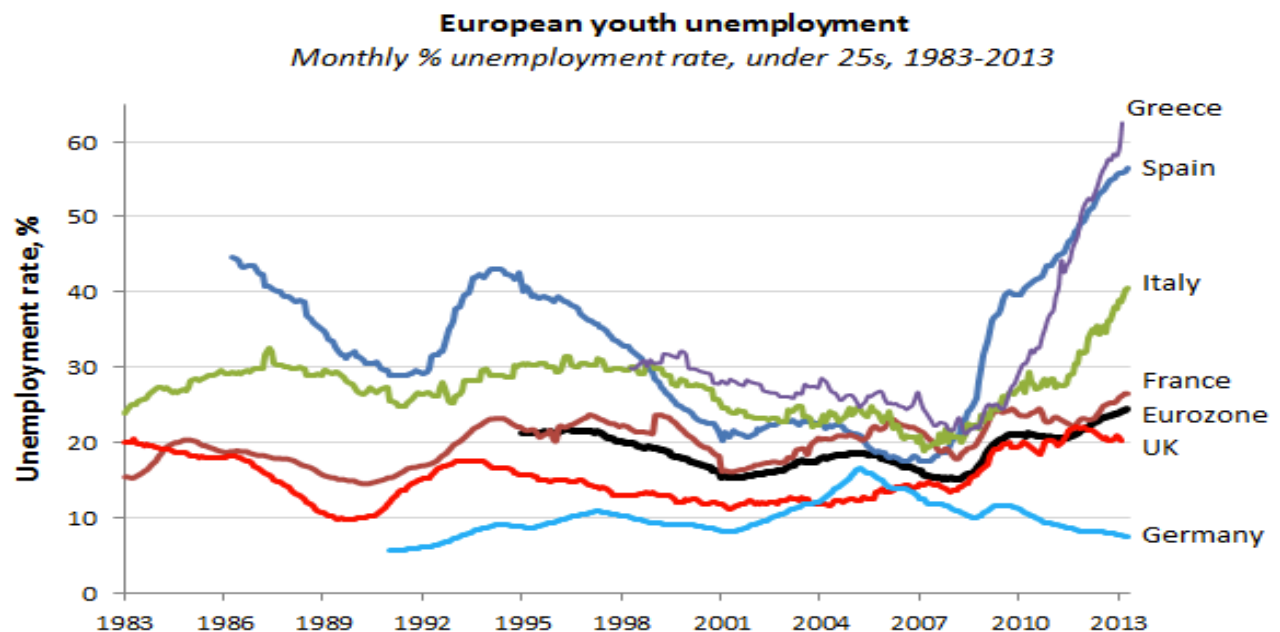
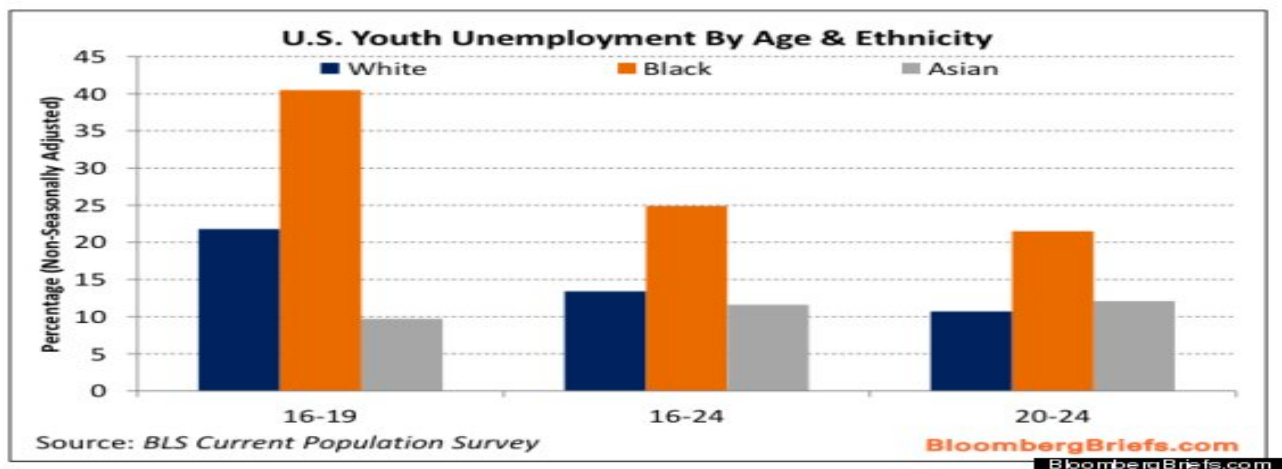
"Most people aren't able to establish a relationship with the folks who can fund them because they don't try to. So I think the first thing to do is understand how much you need and the impact the money will have, and who would care! Then build your ideal profile (using the 3 C's), **reach out to your network and ask for suggestions for folks who might in this profile.** Build out your list of prospects, get introduction, write some thoughtful emails, and find ways to get in-person meetings! And then, JUST ASK! You'll get no's, but you just need a few people to say yes. :-)"

"Fundamentally, fundraising is about building authentic relationships with other human beings. Since we started, we have always been very thoughtful about this and sought advice from mentors about how to go about fundraising! We haven't really tried to raise big amounts since recently, but having clarity around these three steps certainly sped up our ability to produce results quickly!"

"To me, the challenge of asking can go away through practice and simply being direct and honest. What's hardest for me is finding the right people. That is perhaps one of the most time-consuming aspects of fundraising and the most difficult to judge."

"The truth is that fundraising almost never happens quickly. Think about it from a funder's perspective: they are making a decision about a whole lot of money with very little information. It's in their interests to wait as long as possible to get as much information as they can as one good metric of a potential investment for them is the venture's "pace of progress." In other words, how quickly is the venture able to make progress? When you are indeed actively fundraising, impose a deadline. Indicate that you are raising money by a specific time in the not too distant future."

### ABOUT YOUTH UNEMPLOYMENT: TWO ILLUSTRATIONS from THE USA AND EUROPE





Has Dale gone crazy when arguing that unemployment and entrepreneurship have great potential to work together and that this combination fits the ICSB like a glove? Dale has found a natural leader who might partner with the ICSB Foundation and therefore ICSB itself. This is not just a Dalelike “there he goes again” concept.

### **"We Are Not Job-Seekers, We Are Job-Creators"-- Turning Unemployment into Entrepreneurship by Nobel Laureate Muhammad Yunus**

Posted: 05/28/2014 8:46 am EDT Updated: 05/28/2014 12:59 pm EDT



Since I launched the idea of microcredit in 1976, I have created many other businesses to help poor people help themselves. These experiences were summed up in the concept of social business, problem-solving companies without taking personal dividends beyond the investment money -- a new form of capitalism designed to solve social problem around the world.

Application of social business concept in overcoming unemployment can produce a sustainable solution.

In Bangladesh we are addressing the problem of unemployment among the second generation of Grameen Bank borrowers. We are trying to turn the unemployed into entrepreneurs through equity investment from social business funds created for this purpose. In Bangla we call them NabinUdyokta -- i.e. New Entrepreneurs.

The need for the New Entrepreneurs initiative grew out of the frustration of millions of young people, including the educated youth from Grameen families, who'd completed their college training through education loans from Grameen Bank -- but were unable to find jobs. We tried giving them loans to set up businesses. It did not take off. A new approach was clearly needed. We moved away from loan to equity. We redesigned it in the form of equity financing from social business funds. We created these funds and developed a methodology to do it in large numbers, and in a sustainable and replicable way. We created a platform where New Entrepreneurs could present their business ideas to potential investors (the funds). Yunus Centre launched a platform called Design Lab in January, 2013 to bring the New Entrepreneurs and the funds face to face. Encouraged by its success, we decided to hold the lab every month. During the last 15 months we have held 14 such labs.

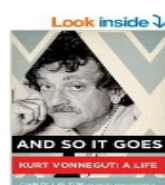
The New Entrepreneurs initiative offers an innovative, replicable model for tackling the problem of youth unemployment that promises to be more direct and effective than traditional approaches. Rather than creating jobs as the uncertain by-product of a corporate project or a government program, it helps young people create their own jobs by launching businesses with equity funding from investors. The investors are also providing additional support in form of advice, training, and guidance.

In a social business (as explained in my books *Creating a World Without Poverty* and *Building Social Business*), the investor owns the company, but he doesn't claim profits produced by the company as in traditional capitalism. Instead, he receives dividend payments from company revenues until the total received equals the amount originally invested. Then he can sell the shares at the market value. But since this is his social business he cannot, and does not wish to, take more than face value. Any additional value that he receives he has to invest in another social business. In the New Entrepreneurs initiative we simplified this sale of shares. The fund sells the shares to the New Entrepreneurs at face value and charges an additional fixed fee of 20 percent on top of that. We call this additional amount the share transfer fee; it serves to recompense the fund for taking on the risk of the business as well as for the support services it provided. None of this fee goes to any individual as a personal profit. Next phase of our work is to deepen and expand the New Entrepreneur initiative by creating Social Business Villages. Each Social Business Village will be an autonomous, economically viable entity based on the lowest local government unit in Bangladesh, a cluster of about 20 villages known as a union. Each Social Business Village will have a Social Business Fund. This fund will receive money from individuals, corporations, foundations, and government. Purpose of the fund will be to provide equity to the unemployed, including New Entrepreneurs, and invest in all types of social businesses. Ultimate objective would be to create a village which will be free from unemployment and social problems.

Replicating the social business equity investments with unemployed youth around the world can help solve the age-old problem of unemployment, not just in the poor countries but in any country and can turn job-seekers into job creators. Entrepreneurship allows everyone to be an active citizen, saving people from state dependency or reliance on charity. Follow Muhammad Yunus on Twitter: [www.twitter.com/Yunus\\_Centre](http://www.twitter.com/Yunus_Centre)  
Social Entrepreneurship MicroLending Youth Unemployment MicroLending Unemployment Muhammad Yunus What Is Working: Small Businesses

**MY PERSONAL FRIEND KURT VONNEGUT [deceased] USUALLY ENDED A CONVERSATION WITH "AND SO IT GOES"**

“And so it



goes”

says Dale.