

“PARTNERING WITH MARIGOLD FOR THE DAY”
New Power Investment Forum 2019
November 6th 2019, Artscape Daniels Launchpad

“I’m continually thinking about how we do business, understanding we don’t have all the answers. We know that we have to work within given systems and that we have a responsibility to steward the funds of those who invest with us, but we also know that we need to work outside the system, at the margins so we can begin to extend those boundaries and work towards true systemic change.”

Abigail Slater, General Partner, Marigold Capital

Partnering with Marigold for the Day

Launched in 2018, the New Power Investment Forum is one of Marigold Capital’s flagship events. It provides an opportunity to bring together supporters and peers from the investment space, the social innovation space, and the non-profit sector to tackle big issues at the heart of creating a more equitable financial sector in Canada. The 2019 forum was made possible by support from Artscape Daniels Launchpad, DUCA Impact Lab, and Relay Medical Corp.

The forum builds on the concept of New Power. *Unlike old power which works like a typical currency, hoarded by the few, New Power operates differently.* It’s “made by many”, open, participatory, and peer-driven. New Power is most forceful when it surges, with the goal being not to hoard it but channel it towards collective impact.¹

New Power is a core value for Marigold Capital. As it builds out its practice, Marigold Capital simultaneously seeks to help seed and nurture the larger movement around social finance and ethical investment in Canada. Central to success is a reciprocal relationship of learning between peers. On November 6, under the banner of “Partnering with Marigold for the Day,” Partners Abigail Slater and Jonathan Hera rolled up their sleeves and delved into the work with participants, expanding their own understanding about their practice as they helped to curate deeper discussions to benefit the whole community.

The Day

Hosted at the beautiful Artscape Daniel’s Launchpad at 130 Queens Quay East in downtown Toronto, 60 diverse practitioners came together to grapple with big questions facing those seeking a new approach to investing:

1. What are the orthodoxies² - the “business as usual” approaches - within the investment industry that provide obstacles to supporting entrepreneurs from under-represented communities?
2. How do our personal identities reinforce the business practices that exclude under-represented groups from gaining access to investments?
3. What practices should we focus on reforming?

These are not simple questions, and a half-day conference was not going to fully answer them. Knowing this, the intention of the day was to start the conversation and exploration, while helping to build

¹Heimans, Jeremy and Henry Timms Understanding New Power (2014) Harvard Business Review
<https://hbr.org/2014/12/understanding-new-power>

² Orthodoxies are pervasive beliefs that often go unstated and unchallenged. They are ingrained ways of thinking and acting, formed either from habit or previous successes. For better or for worse, orthodoxies can shape strategies, policies, and processes and create blind spots.



connections and relationships between the individuals in the room, so that they could continue moving the work forward.

Leading us through these difficult (and at times, challenging) conversations were facilitators **Zahra Ebrahim** and **Kofi Hope**. Both are experts in connecting values and principles to social impact, civic leadership, and facilitation. Drawing on their experience, Kofi and Zahra developed the content and flow for the day. The day had forum had 4 parts:

Working Lunch: Abigail and Jonathan shared their personal stories and why they believe in the need for a more inclusive investment space.

Identifying Orthodoxies: A group activity to name orthodoxies within conventional investment behaviour that exist at the levels of Self, Organization and Sector.

Identity Wheel: An individual and group exercise for considering the different aspects of one's own identity, before discussing how identity plays out in investment behaviours.

Flipping Orthodoxies: A second pass on the orthodoxies identified, asking which ones create the biggest barriers to underrepresented groups and considering how they can be reformed.

WHAT WE LEARNED

A rich and challenging day of learning left the organizers and participants with much to reflect on. Much of this was the key orthodoxies that were identified and discussed, and a set of four thematic areas that Marigold Capital is committed to exploring in further collaborative learning spaces. Below are some of the orthodoxies identified, grouped into broader themes:

Finance is a meritocracy

Much of the discussion explored the fact that there are many built-in assumptions in the investment world centred around the orthodoxy that *people don't have biases in picking companies to invest in, but rather that hard-work and good ideas will rise to the top*. Inherent in this is the belief that training, education and experience in business or related disciplines, is of more value than lived experience within communities or expertise in other disciplines (social sciences, the arts, social service sector work etc.)

There is a template for a successful entrepreneur

Another series of orthodoxies actively discussed the *template of a "successful" entrepreneur; someone who has willingly sacrificed their family, free time and mental health to reach their position, who has already achieved a degree of financial self-sufficiency and who looks and behaves like many entrepreneurs who already exist* (i.e. young, male, white and educated). Within this orthodoxy are assumptions that entrepreneurs who look different from the norm (women, racialized individuals) can only succeed in certain 'stereotypical' industries (women can't lead tech companies, racialized individuals can only make products aimed at their community). Not only does this template put artificial limits on who is viewed as being a potential entrepreneur, but it propagates a model of the entrepreneurial lifestyle which may not be sustainable, healthy or conducive to deep innovation.

We fully understand how to model for risk and success

Orthodoxies around how venture capital is able to predict and fund success were discussed at-length and in-depth. The assumption that there are agreed upon frameworks for predicting success was noted, along with the ways in which financial returns and expectations of ever-increasing growth are seen as critical to these frameworks. It was also mentioned these frameworks assume there is a compromise between achieving growth and social impact while failing to adequately consider all social and environmental facets in which a venture operates.



There is a template for a successful start up

Finally, participants spoke at length about orthodoxies about what types of businesses best deserve venture capital. This included a relentless focus on start-ups that seem to be the most scalable and that have traditional and hierarchal business structures. This builds on the assumption that steady growth companies are much less attractive than those with the potential for exponential growth. Orthodoxies that businesses based on physical products were less attractive, and that Canadian companies do best if they focus on traditional areas like natural resources, were also identified as part of a conversation of Canada's need to innovate its business sectors and ways of doing business.

All these orthodoxies were seen as partially being responsible for the systemic barriers to getting early stage financing (all too often deemed solely synonymous with venture capital) flowing to socially focused ventures and those run by individuals from marginalized groups. While participants did not call for all of these orthodoxies to be abandoned or "flipped", the need for more critical reflection within the sector on these ideas and how they're shaped by the identities, biases and experiences of those who traditionally have held the power in the investment space was highlighted.

MOVING FORWARD

Based on the orthodoxies discussed and rich debate that flowed from the larger plenary session Marigold Capital has identified four learning areas to explore over the coming years.

1. Unpacking Cognitive Biases in Investment

The exploring of orthodoxies made it clear that like all areas of human activity, the investment space is filled with assumptions and practices that are presented as neutral, but are filled with biases. The belief in the existence of a colour-blind meritocracy in investing and a desire to only focus on behaviours of potential entrepreneurs can effectively 'erase diversity' from the conversation. A focus on equity demands that more work is done within ventures and investment firms to bring diversity back into the discussion and critically consider how to reform existing systems that may privilege entrepreneurs from specific races, classes, cultures, educational backgrounds and genders.

2. How can white men be allies in the investment space?

A major theme that was discussed was the fact that historically and today white, cis-gendered men hold much of the power in the investment industry. Additionally, that change cannot just involve women and people from racialized groups discussing these issues. How to have these conversations in ways that are inclusive and impactful means intentional focus must be paid to how white men can increasingly support the movement for more equity in investments as allies and partners in the work. While the conversations related to this may be difficult and ultimately involve those who carry a large degree of social power shifting some it to others, we believe a true paradigm change must involve engagement from everyone - including white men.

3. Expanding the conversation to include race and culture

The room acknowledged that many initiatives around diversity within the finance and investment space to-date have primarily benefited white women. While this was an important first step, it was clear that intentional focus needs to be put on making sure future programs are equally effective in empowering racialized women, individuals of all gender identities, newcomers, Indigenous people and other cultural minority groups. The progress made from the use of a gender lens in the investment space (which of course is still ongoing) provides a template that can be expanded on through explicit focus on the communities mentioned above.



4. Exploring new models for early stage financing

Underpinning all of this work are the financial, legal and regulatory models that guide decision making. The need to consider the existing models within the field, including by contextualizing them in the history of how they developed is a critical area of focus. Important questions Marigold Capital is eager to grapple with in this area include: What level of financial return is needed for an investment to be 'successful'? How do you assess risk within an ethical framework? What will the mechanics of new models look like?

NEXT STEPS

After a highly engaging and enlightening day, the challenge that Marigold Capital is keen to address is how to continue to explore, within the larger community, the themes that arose. We don't have the solutions - yet! But based on a New Power orientation to practice we know the answers will emerge from ongoing engagements like what happened on November 6th, spaces where unusual suspects gather, engage in honest dialogue, and collectively identify the most urgent intervention points. We look forward to working with you on these critical questions over the coming year!

Kofi and Zahra Bios

Kofi Hope is a Rhodes Scholar and has a Doctorate in Politics from Oxford University. Currently, he is Senior Policy Advisor at the Wellesley Institute and runs a private consulting practice. He is an emeritus Bousfield Visiting Scholar for the University of Toronto's School of Urban Planning. In 2017 he was the winner of the Jane Jacobs Prize and in 2018 he was named as *A Rising Star* by Toronto Life in their Power List. He is a former charitable sector executive with over 15 years experience in social impact and advocacy work.

Zahra Ebrahim works on strategic and creative projects that advance just and fair cities. She is a Senior Advisor to Deloitte on Cities, Design and Governance, and to political and public interest initiatives across the country. Zahra has led organizations across the private and social sectors, all focused on better shifting power to the public voice. Through her work she has led some of Canada's most ambitious participatory infrastructure and policy programs. Zahra has taught at OCADU, MoMA, and currently teaches at UofT. She was recently named Next City's Vanguard "40 under 40 Civic Leader", Ascend/Manulife Canada's Mentor of the Year, and one of WXN's Top 100 Women in Canadian Business.

