

SOCIAL IMPACT INVESTMENT

Blended – part grant, part loan

A mixture of social investment, in which the loan needs to be paid back at a subsidised interest rate and the grant doesn't.

Charity bonds

Charitable bond example a £2million bond over 5 years at a 2% interest in 2020, social investors would receive £40,000 interest each year so as to repay back the bond in full in 2025.

Community shares

A withdrawable, non-transferrable equity investment into a cooperative or community benefit society. It is a form of equity because the investors get a share of the organisation.

Crowd-funded investment

A 'crowd' of individual investors is raised through an online platform a goal of a set amount is raised at certain amount of time is set.

Coronavirus Business Interruption Loan Scheme (CBILS)

Loan example £10K no repayment for a year and £166 per month for 6yrs. Total Repayment = £12,000.24

Equity investment

An investment in exchange for shares in the company. Similar to Dragons Den and US version Shark Tank, Investors, invest £10k in the businesses and for a 10% share in the company they receive profits paid out by the company and get to have a say in how the company is run, proportionate to the amount they have invested

Quasi-equity

An investment similar to equity shares but without the equity. Usually its based on the performance of the organisation i.e. profits or income and agree to pay the investor 2% the annual income over say a 5yr period.

Social Impact Bonds

Social Impact Bond (SIB) are contract where social investors pay for a service, helping long term unemployed to start a business – the Government repays the investors with interest if the service is successful.

SOCIAL IMPACT INVESTMENT

Friends and Family

For early-stage social investment and business support – Often includes training / office space and a business advisor to help the business formulate ideas and support with growth and development.

Pros

- Support from you nearest and dearest is likely to come with more patients when it comes to paying the money back
- Its less formal so you may not need a long lengthy business plan (its wise to have a business/pitch deck to show your serious)

Cons

- If the business fails, you loose your friends and families money
- Problems with the business could put strain on your personal relationships

Grants

Money paid to you to carry out a specific project (restricted grant) or to generally support your organisation's work (unrestricted grant). business advisor to help the business formulate ideas and support with growth and development.

Pros

- Investment that you don't have to pay back
- Some funders offer support and advice

Cons

- Grants are restricted funding and must spent as you stated in the funding application
- It is a lengthy process and it can difficult to get grant as you are competing with so many worthy causes

SOCIAL IMPACT INVESTMENT

Loans

Loans from high street banks do not have a social motivation to their investment. They are also able to offer additional finance in the form of an overdraft. Interest rates are also higher than that of social investors and penalties can be quite strict.

Pros

- High street loans are able to invest much quicker than social investors

Cons

- High street loans have no interest in your social return they are only interested in the repayment of the loan

Crowdfunding

Donations from people who support the aims, visions and values of your company. Money is given in exchange for a reward such as a thank you/shout out on your website, merchandise free products/services etc.

Pros

- You don't have to pay the money back
- It's a good way of attracting customers and finding out whether people like your product enough to pay for it

Cons

- It takes lots of time and effort, particularly if you don't already have a large group of supporters
Creating rewards can be costly if your organisation does not have physical products to offer

SOCIAL IMPACT INVESTMENT

Accelerators, incubators and hubs

Social investment with business support and often includes training / office space and a business advisor to help the business formulate ideas and support with growth and development.

Pre

- Offer a combination of investment, support and expert coaching and mentoring
- You are often part of a community of social entrepreneurs start ups

Cons

- Innovation and Tech lead the way when it come to Accelerators and incubators