University of Michigan Launches Social Venture Fund to Place Impact Investing at the Forefront of Entrepreneurial Education

In Tandem, New Courses Unveiled To Provide Essential Skills for Valuating Business’ Social and Financial Impact

Ann Arbor, Mich. – Sept. 21, 2010 – Marshalling an increasing student interest in the social impact investment space, The University of Michigan’s Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies at the Ross School of Business today formally announced the Social Venture Fund. Created in Fall 2009 and now seeking to make its first investment, the Fund’s vision is to transform the way business is done by training the next generation of socially-minded business leaders to invest in and manage sustainable, innovative, for-profit companies that place the generation of a significant social impact at the heart of their mission. In an extraordinary show of support, the graduating MBA class of 2010 has pledged its class gift to the Social Venture Fund.

The Social Venture Fund will make early-stage investments of up to $200,000 in for-profit organizations that can deliver “double bottom line” returns in six key areas: education, environment, finance, food & nutrition, health and urban revitalization. The Fund will make its first investment in spring 2011 and is currently focused geographically on Detroit and Southeast Michigan. Up to 30 students serve on the Fund and manage its activities, including deal sourcing, due diligence and marketing support.

Commenting on the Social Venture Fund, Gautam Kaul, John C and Sally S Morley Professor of Finance and Managing Director of the Fund, said, “Making money and doing good are invariably viewed as separate goals to be achieved by separate entities in society; this divide is convenient, theoretically elegant, but arguably unsustainable. The business world needs intelligent leaders who can do good for society in a financially disciplined and rewarding way. With leadership comes the responsibility to educate shareholders and the public at large about the complex nature of the interactions between the firm and society. Leveraging the breadth and depth of the University’s research and resources, the Social Venture Fund will provide a new breed of forward-thinking companies the strategic capital they need to change the world. While providing students with invaluable real-world experience, the Social Venture Fund will expose students to rigorous coursework that underscores the value firms can truly provide to society at large and for the real long run.”

In line with the Institute’s standing as an innovator in entrepreneurial education, students in the Social Venture Fund are required to undertake rigorous coursework that provides them with the education and tools and techniques essential to evaluating and financing venture investments in this burgeoning field. Among this curricula is the newly created Impact Investing course, which will cover issues ranging from financial and social valuation to internal performance measurement and term sheets. Students will also be challenged to explore best practices for measuring the real social impact of a business and establish criteria for the Fund’s own investments.

“The Social Venture Fund is a natural extension of what we’ve been doing here for over a decade,” said Tom Kinnear, Executive Director of the Zell Lurie Institute. “Combining rigorous and tangible venture capital experience with the more intangible, but critically important, social valuation experiences distinguishes us from our peers in entrepreneurial education. We proudly dare students to apply the power of their entrepreneurial spirits in unique ways and students have risen to the challenge with the pursuit of this Fund and its forward-looking vision.”
The Social Venture Fund is the first of its kind in the nation and marks the third Fund in the Institute’s comprehensive and diverse family of student-led venture funds, including the Wolverine Venture and Frankel Commercialization Funds. This triumvirate of student-led venture funds provides an unprecedented hands-on learning experience for graduate students. The pioneering Wolverine Venture Fund was the country’s first student-led venture fund and has realized four successful exits, including the only IPO by a student-led fund with Intralase in 2004. The Social Venture Fund takes this to the next level by incorporating social valuation into students’ assessment of potential investments.

About the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies
The Institute and its Center for Venture Capital and Private Equity Finance bring together a potent mix of knowledge, experience and opportunities from the front lines of entrepreneurship and alternative investments. The student learning experience is further enhanced through internships, entrepreneurial clubs and events that serve to provide viable networks and engage the business community. The School’s three student-led investment funds, with over $5M under management, immerse students in the business assessment and investment process. Founding Board Members include Samuel Zell, Chairman of Equity Group Investments and Eugene Applebaum, Founder of Arbor Drugs, Inc. For more information, visit the Institute at www.zli.bus.umich.edu.

About the Social Venture Fund
The Social Venture Fund is an impact investment fund that invests in sustainable, innovative, for-profit companies that place the generation of a significant social impact at the heart of their mission and way of doing business. Initially conceived by four MBA students, the Social Venture Fund embodies the co-creative and student-focused spirit of the Ross School of Business and builds upon its reputation as a leading socially-minded business school, which boasts the renowned Erb Institute for Global Sustainable Enterprise and lauded Net Impact chapter. The Social Venture Fund aspires to change the face of university-based impact investing and transform traditional business school education. It provides students with the unique opportunity to develop the skill-set and methodological rigor required in the venture capital industry, while simultaneously considering issues of social impact metrics and the quantification of social and environmental value in an investment context. For more information, visit http://www.zli.bus.umich.edu/wvf/svfoverview.asp

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