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Growing the Impact Economy in Greater Philadelphia Summary

There is a growing sense among entrepreneurs, investors, philanthropic and corporate leaders that the traditional ways of doing business aren't the *only* ways of doing business. As we struggle to address intractable social and environmental challenges and people increasingly consider how well their spending and investments align with their values and with the values of a new generation, new business and investment models have arisen. What is emerging is what can be called the impact economy—a new ecosystem built on the notion that there is both economic and social impact to be found in the ways in which we address the challenges facing our communities and organizations. Proponents describe it as seeking to “unlock greater amounts of private capital to do public good...” and “creating shared value.”

What Does This Mean for Greater Philadelphia?

We are seeing increased interest in this burgeoning impact economy—globally, nationally, and here in Greater Philadelphia. Impact investors and entrepreneurs in Philadelphia are driven by the belief—and increasingly the evidence—that it's possible to put private capital to work to achieve positive social and environmental

outcomes and generate financial returns in the process. But if Philadelphia is to be a leader in this new approach, we need to create an organization that helps to support, connect and amplify the work underway in Philadelphia's impact economy ecosystem.

Prepared for the Greater Philadelphia Impact Economy Initiative by the Economy League of Greater Philadelphia in collaboration with Ben Franklin Technology Partners of Southeastern PA.



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Defining the Impact Economy

The impact economy is the ecosystem that supports the work of entrepreneurial enterprises addressing social needs in the community, either through the products they make or the process or strategies by which they do business, while they build profitable, and often scalable, enterprises. This includes:

Impact Companies & Organizations

Enterprises (traditional for-profits, nonprofits, or benefit corporations) that directly address a social need or opportunity such as, but not limited to, environmental issues, job creation for disadvantaged individuals, health, sustainability or education, either by the product they produce or service they provide or through their business processes or strategy.

Impact Investors

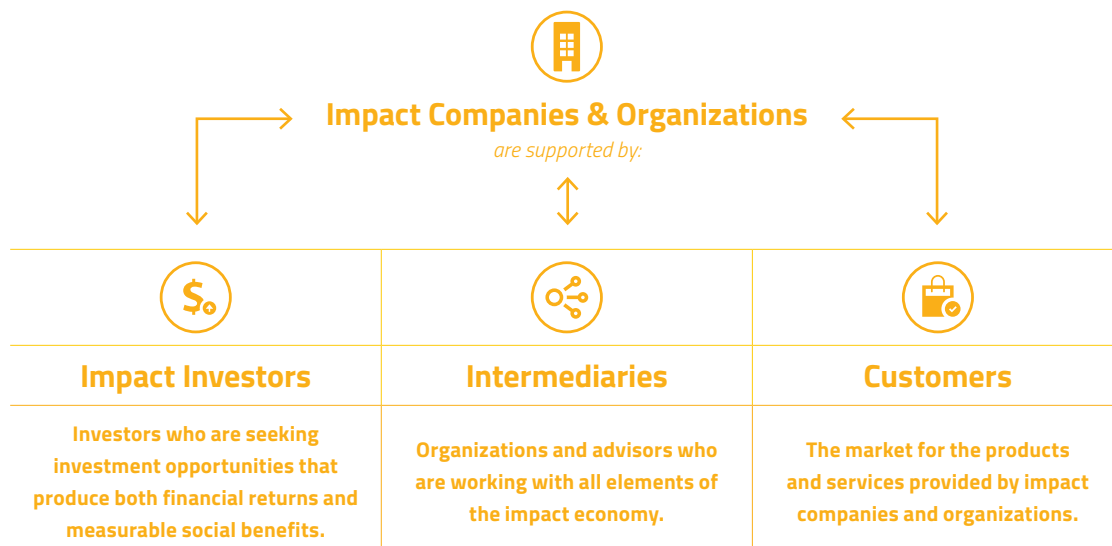
Individual or institutional investors who are seeking investment opportunities that produce both financial returns and measurable social benefits. These investments can be made by venture funds, private investors, foundations, government and pension funds in entrepreneurial impact companies and organizations.

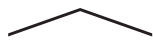
Intermediaries

The growing set of organizations and advisors who are working with all elements of the impact economy. Wealth management firms are increasingly including advice on impact investing in their menu of services. There are organizations that serve as financial intermediaries between investors, impact enterprises and client governments or nonprofits, helping to structure the deals and contracts that result in results-oriented financing. And there are entrepreneurial support organizations that provide incubation, mentoring, and start-up business advice to social entrepreneurs, preparing them to refine their business models and enter the marketplace.

Customers

The market for the products and services provided by impact companies and organizations. This includes the public marketplace of governments and nonprofits, private markets and consumers, and the regulatory and policy frameworks in which investors and companies operate.





Greater Philadelphia's Potential as a Center of the Impact Economy

No single region can claim to be the epicenter of the impact economy—as of yet, there is no “Silicon Valley” of the impact economy.

But the Greater Philadelphia region is a strong contender as a center for the development of this new impact economy. Philadelphia is already home to an emerging set of entrepreneurial impact companies, advisors and intermediaries (private, nonprofit and academic), and an enthusiastic and growing group of impact investors. Here is what else Philadelphia has going for it:

History

Philadelphia was the home to one of the original American impact investors and company founders—Ben Franklin. Franklin's role as the original boundary crosser, working between the private, civic and governmental sectors, established a model for “doing well by doing good” that has been the inspiration for generations of American social entrepreneurs, including today's newest cohort.

Location

Philadelphia sits between the global financial capital of New York and the political capital of Washington—seemingly ideal for the development of this new segment of our economy. In addition, the Philadelphia region is more affordable and accessible for a start-up, yet big enough to matter.

Human & Financial Capital

As a large, diverse region sitting in the midst of the dense Mid-Atlantic Corridor, Greater Philadelphia has access to the human capital, financial capital, and business development resources that are necessary to nurture a set of growing impact companies.

Wealth Center

The Greater Philadelphia region is a major center for wealth and investment management, and a leader in developing new vehicles for individual and institutional investors.

Higher Education Center

Philadelphia is one of the richest intellectual regions in the world. This provides an environment teeming with ideas, with the ability to test and evaluate new concepts, and with a potential workforce eager to get to work solving the problems of the region and the world.

Potential Customers

Philadelphia's geographic proximity to a diverse set of local and state government bodies, many in need of new solutions to significant social challenges, could be a major advantage. Coupled with potential private and nonprofit partners, this makes the region a potential test bed for innovations, technologies and ideas.

Governmental Leadership

Philadelphia has been a leader in exploring how government can help catalyze the impact economy. Governor Wolf's administration issued a request for Pay for Success proposals to support the state's efforts in early learning, environmental protection, public safety, workforce development and health care. Pennsylvania, New Jersey and Delaware have recognized the need for a new corporate form—the Benefit Corporation—to address the different incentives and priorities of impact companies.

ImpactPHL

An Alliance for Growing Philadelphia's Impact Economy

To jumpstart the strategy for growing Philadelphia's impact economy, we are proposing a new alliance of organizations and institutions that will bring together dollars, time and leadership to advance Greater Philadelphia's impact economy ecosystem. ImpactPHL will serve as a gateway to the impact economy ecosystem—ensuring that there is a welcoming front door for those seeking to participate in the regional impact economy.

IMPACTPHL GOAL

Increase investment in impact companies and organizations in Greater Philadelphia by accelerating development and awareness of Greater Philadelphia's impact economy ecosystem and potential.

OBJECTIVES

Based on the lessons learned from the scan of Philadelphia's impact economy and the roundtables held in 2015, primary objectives were identified to support the goal of increasing investment in Philadelphia-area impact companies and organizations:

1. **Increase connections and collaboration** within Greater Philadelphia's impact economy ecosystem.
2. **Increase the number of start-ups who become successful, growing impact enterprises** located in the Greater Philadelphia region.
3. **Increase the number of regional individual and institutional investors who make significant impact investments** in the Greater Philadelphia region.
4. **Position Greater Philadelphia as a leading international center of impact economy activity** and knowledge.

STRATEGIES

This plan proposes the creation of ImpactPHL to serve as a catalyst, coordinator and enabler of five core strategies designed to drive attainment of the strategic objectives.

1. **Advocacy and Promotion**
2. **Product Development**
3. **Connecting and Engaging**
4. **Capacity Building**
5. **Research and Education**

Impact Economy Advisory Committee Members

Tom Balderston**
Balderston Capital, SustainVC
Noelle Baldini
Federal Reserve Bank of Philadelphia
Richard Binswanger**
Jim Cawley
United Way
Sylvie Gallier Howard
City of Philadelphia

Jacob Gray
Wharton Social Impact Initiative
Claire Marrazzo Greenwood
Greater Philadelphia Chamber
of Commerce and CEO Council
for Growth
Garret Melby
GoodCompany Ventures
John Moore**
Investors' Circle

Dermot Murphy**
Halloran Philanthropies
Maari Porter
Philanthropy Network
of Greater Philadelphia
Ajay Raju
Dilworth Paxson,
The Germination Project
Pedro Ramos
The Philadelphia Foundation

Chris Rasmussen**
Threshold
RoseAnn Rosenthal**
Ben Franklin Technology
Partners of Southeastern PA
Hardik Savalia
B Lab
Joel Steiker
GoodCompany Ventures

Diane Sterthous
PA Department of Community
and Economic Development
Steve Wray**
Economy League of
Greater Philadelphia

**Working Group Member