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A New Style of Investing for a New Day

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Hollywood may be remaking Wall Street, but the days of Gordon Gekko and the "greed is good" mantra are behind us. They already know it on Main Street. Now it's also becoming a reality in the investment community.

It may have taken an economy in shambles and banks in disgrace, but at long last the investment community faces a wake up call, and an unprecedented opportunity...

Right now, nothing is more important than learning from the crisis, seizing the opportunity, and developing an economy that benefits investors, businesses and individuals.

It's time to create a new economy that works for all of us.

Once upon a time, greed may have been considered good. It was a time when all people took into consideration was the money they took into their bank accounts. But that's changed. As the wealth has vanished, so have people's delusions.

Call the collapse our "aha" moment -- but suddenly there's a group of investors who have dusted themselves off and emerged from the rubble with a conscience.

They're ready to build a new economy, one we can have faith in, one that will build real value for the planet and its people. This movement toward conscious capitalism has taken shape, gained popularity and even adopted a catchy new moniker: impact investing.

Impact investing (or social enterprise, triple bottom line, mission-backed business), has gained a powerful following lately, and it's showing the mainstream finance and business worlds that doing good and making money can happen at the same time.

Impact investing no longer refers to a few isolated cases of visionary heroic entrepreneurs on the activist fringe. Rather, it's become clear that this new way of doing business is at the same time a growing trend, an asset class -- and a movement.

Take the example of Root Capital, an enterprise providing the capital to small farmers in the developing world a living wage to grow fair trade crops like coffee, chocolate, vanilla, sugar and tea. At the same time the best of these farmers are restoring watersheds, replanting forests and cooling the world.

It's not philanthropy -- it's a bank that works in rural areas where other banks don't go; like microfinance but on a much larger scale. It creates viable businesses that enable people in the developing world to earn a living in their villages, rather than migrating into squatter settlements in large overcrowded cities.

Growing rapidly, Root Capital has put \$120 million to work for 235 grassroots enterprises in 30 countries. It's not charity; investors in Root have made money while creating a huge social and environmental impact and helping small farmers sell their products to large global buyers like Green Mountain, Starbucks, Home Depot, and Whole Foods.

Another example of this type of disruptive innovation is NComputing, which has deployed more than two million low-power, low-cost computers to the

developing world and poor areas of the U.S. It works because, unlike government or charity projects designed to bridge the digital divide, NComputing has figured out a system where the whole ecosystem around their company is profitable.

It has built systems where the people who sell the computers, the people who install the computers and people who repair the computers all make money. The result: they recently deployed 180,000 environmentally friendly and affordable computers to schools, hospitals and government offices in Macedonia. They are doing the same thing in 139 other countries and they can do it far faster and more efficiently than either government or foundations because they understand how to use the power of the market to get things done quickly and cheaply.

And impact investing isn't limited to the business world.

President Obama has recently created a new Office of Social Innovation to advocate this growing mission from Washington. Led by Sonal Shah, an economist and technologist deeply familiar with philanthropic finance, the office will help social entrepreneurs develop and expand for-profit solutions to pressing social problems.

The future of our economy has shifted tremendously. And while Hollywood may still think we're in need of Gordon Gekko redux, the fact is we'll all be a whole lot better off (economically and otherwise) thanks to the likes of Root Capital, NComputing, Sonal Shah, and the myriad others making impact investing a reality today... So we can all lead better lives tomorrow.

Kevin Jones is a founding partner of the socially conscious Bay Area VC firm Good Capital. He is also founder of the annual Social Capital Markets (SoCap) conference that takes place each September in San Francisco. This year's event is expected to draw over 800 investors, entrepreneurs, business leaders and foundations.

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