

ABLE=FUND

# THE ABLE FUND MANIFESTO 2020

HUMAN-CENTERED CAPITAL

Presented by Dr. Richard Klopp



# OUTLINE

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**THIS DOCUMENT IS ORGANIZED INTO THE FOLLOWING SECTIONS:**

- Mission**
- Purpose**
- Problem**
- Solution**
- Founder's Journey**
- Funder's Journey**
- Values**
- Structure**
- Team**
- Contact**

# THE MISSION

Able Fund develops capital strategies with entrepreneurs to create greater **social** and **economic value**.

We work side-by-side with Founders to generate communities of support around their ventures, and provide patient capital to enable them to reach their definition of success—their growth goals, growth timeline, and the impact they set out to have. We believe there is a massive need for investment structures that support slow(er) growth businesses. A significant market opportunity exists to enable this broader set of founder and company types and create alignment between Founders and Funders **so they can win, together**.



# PURPOSE

Business is one of the main engines for **community impact**, but many great businesses are not getting the support and resources they need to grow or scale. The capital and resource needs of Founders are often as unique as the Founders and companies themselves, so we're building a funding ecosystem to support this diversity.

## Be a Great Investor

By educating Founders early in their company's lifetime about how and when to use capital, we can create breakthrough value for the Founders and their investors down the road. We can foster careful and intentional growth, unlock Founders' innate resourcefulness, and help Founders engage a broader community of resources.

## Be a Great Co-Investor

By making Founders effective managers, and by co-investing and adding other valuable resources to their companies, we can drastically de-risk Funders' investments. We can also provide a framework and community where Funders can be their aspirational selves, as a fully-expressed and value-adding resource.

*Our ultimate goal is to turn Founders into Funders, creating new resources for the community.  
That's how we create a **truly regenerative ecosystem**.*

# RE-THINKING CAPITAL



Able Fund may look like just a means of accessing resources. However, we also see it as access to **better business**. There is a massive market of diverse Founders and Funders that is not being served and the reason to serve it is more than monetary; businesses are the lifeblood and foundation of American economic life, but often our way of being in business is disproportionately influenced and shaped by our perception that business is about maximizing profit.

Entrepreneurs are driven to create much more than profit—they set out to have impact and create value. We define value through more than the singular lens of profit; that is why we fund people who are creating businesses that matter: these are Founders who set out to create impact, whether that impact is financial, community, intellectual, creative, social, or environmental.

A business, in our view, is a fundamental and pivotal agent for change in its community, and its way of being can either add or detract net value from the diverse set of stakeholders in that community.

*We believe it's time for a shift from **shareholder capitalism** to **stakeholder capitalism**. It takes a village to raise a company, and when founders and funders win, everybody wins.*

# THE PROBLEM

**Venture Capital (VC) should not be the default funding mechanism for startups.**

VC serves a valuable role in new venture growth, helping launch young ventures with too much risk for traditional funding institutions.

However, VC has become the default way to fund young ventures. This can often lead to a deleterious misalignment of Founders' and Funders' goals. Many Founders want to exit, while some aim to build a long-standing company. Some Founders desire high growth, but others merely want careful, steady growth and profitability. Some Founders wish to build a global company, while others want to impact a small market or community.

**The capital and resource needs of Founders are often as unique as the Founders and companies themselves, and it's time the funding ecosystem evolved to support this diversity.**



# FUNDING STARTUPS IS BOTH RISKY AND OFTEN A BAD EXPERIENCE FOR BOTH FOUNDERS AND FUNDERS

The VC model generally aims to have 1 out of 10 investments become a unicorn, with the gains from the 1 unicorn offsetting losses from the other 9 investments, which might either limp along or fold. **This is incredibly risky, wasteful, and expensive to both Founders and Funders**, and forces Founders to fit a mold that their company simply may not fit. **Only 2% of new ventures will ever raise VC.**

Worse, many companies risk dying due to under- or over-capitalization. This dynamic emerges from the fact that many Funders in the entrepreneurial ecosystem simply don't have the resources to find, select, and manage a greater number of investments, and are forced to only continue investing time and resources in the very highest-performing companies in their portfolio.

Even though another 16% of businesses raise some form of debt as they grow, debt financing can also be risky, for both the Founders and debt providers, and still leaves most new companies without any options.





# MONEY DOES NOT SOLVE MOST PROBLEMS

An additional confounding factor is that money is often **not even the right resource** for a given problem or risk faced by a Founder. Founders are often confused about both their risks and the resources that could address those risks, so adding capital can add more, rather than less risk.

Taken together, these problems represent **a big opportunity:** funding underserved but deserving startups that our economy depends on.

*New structures and resources are long overdue.*





# SOLUTION

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**Able Fund is an investment fund inside a non-profit, and is uniquely designed to:**



**1. Provide patient, market-insensitive capital to enable Founders to grow on their own timeline.**



**2. Generate communities of support for Founder & Funders with a framework that is easy to step into**



**3. Enable companies to "right size" their team, growth, and trajectory**

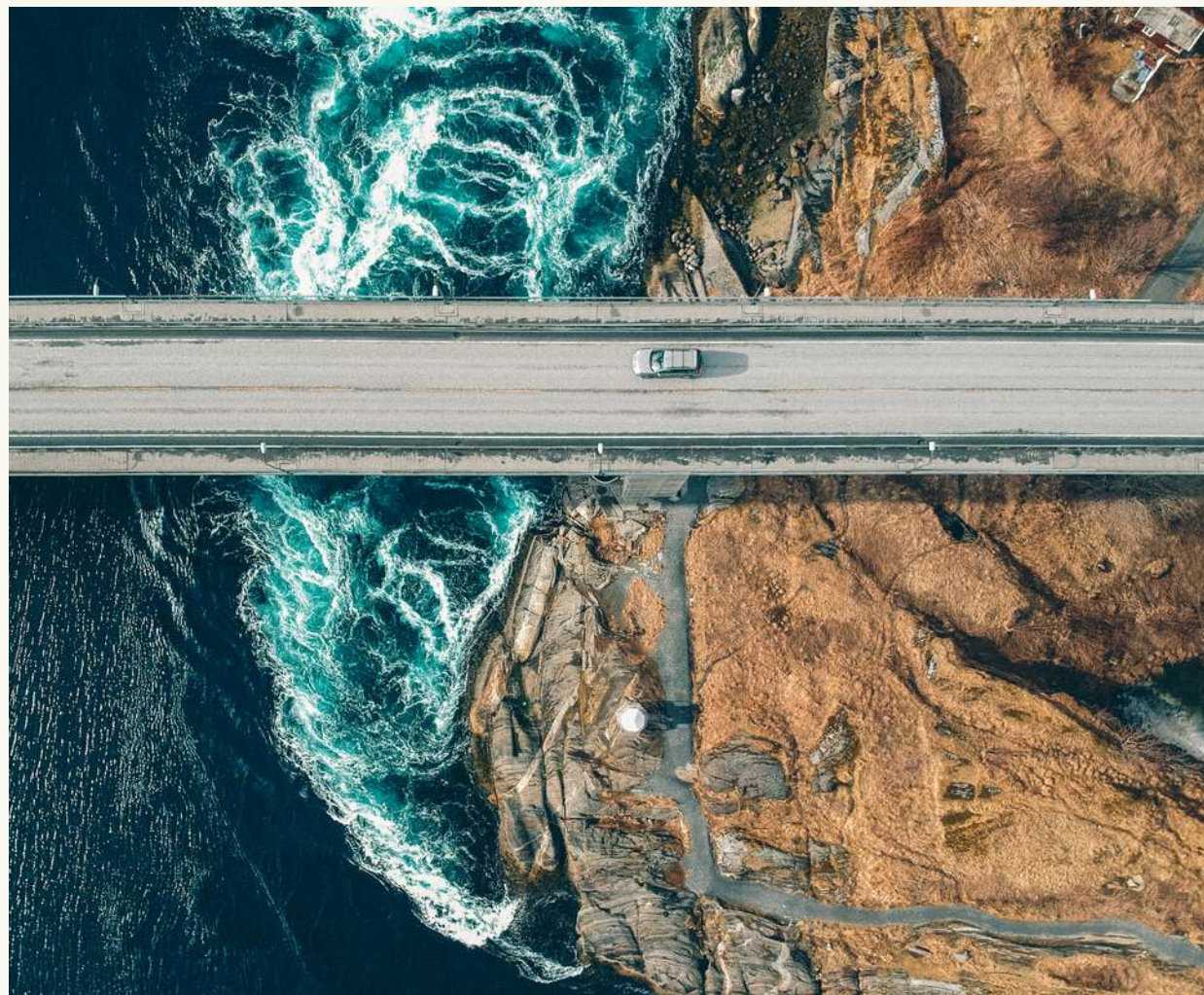
# CAPITAL STRUCTURES BUILT FOR FOUNDERS

Capital structures should be designed to support Founders, not the other way around, because when Founders do well, Funders do well. Rather than having Founders waste time, energy, and inspiration trying to convince themselves and others that they are a fit for VC funding, our investment process helps Founders clarify their resource needs, then powerfully engage our community of Founders, Funders, and donors to source patient capital.

*Most entrepreneurs don't actually want money—they want what they think money can buy.*

Money solves some problems, but not all problems. It must be paired with good management, a supportive community, and resourcefulness.

As the cost of starting a business becomes increasingly less expensive, the types of resources that make the difference are changing. In most cases, money is less important than **community, stage-appropriate support, and good management practices.**

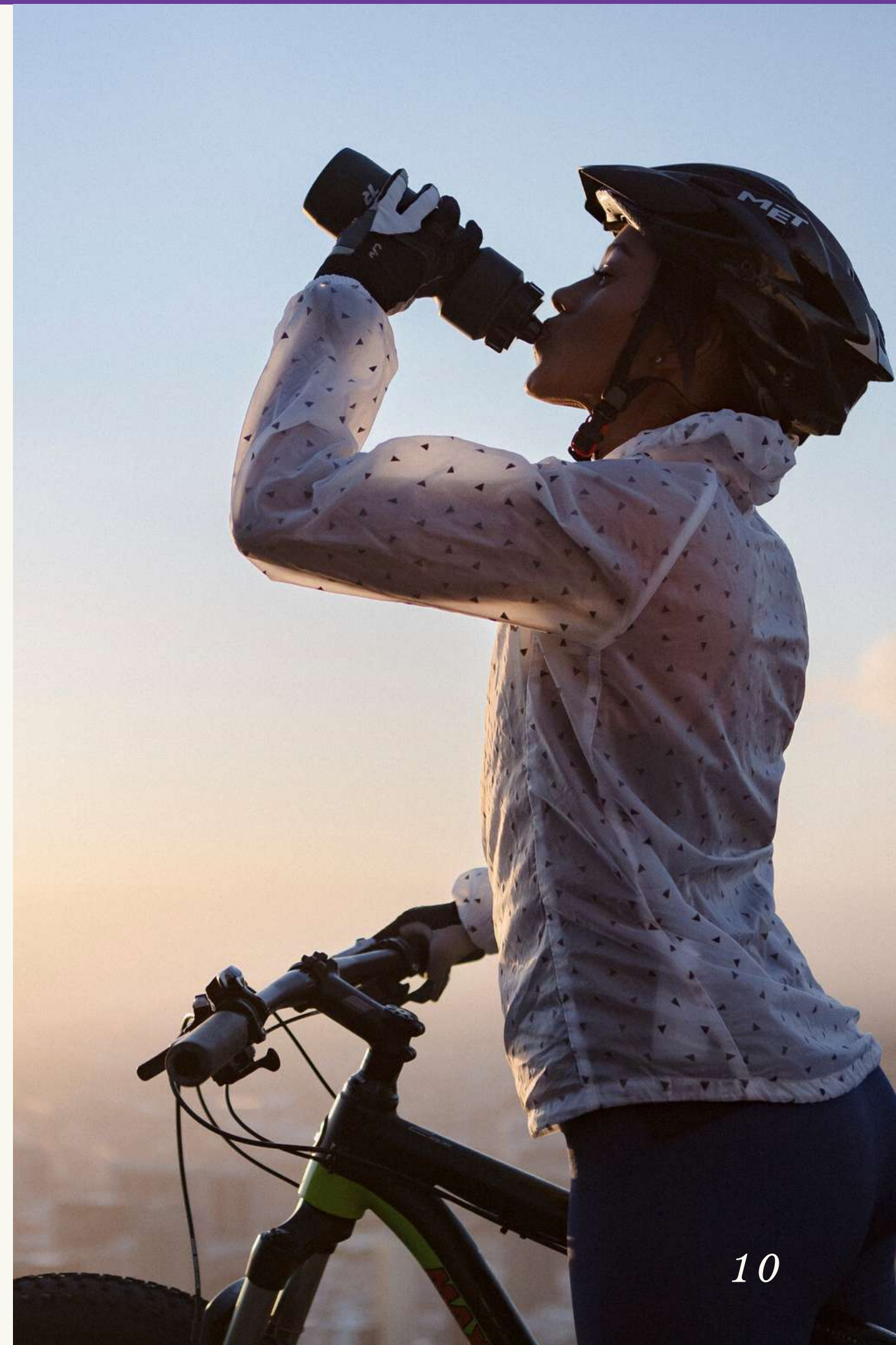


# THE FOUNDER'S JOURNEY

There is nothing easy or trivial about entrepreneurship. It can be one of the most emotionally, intellectually, and personally challenging endeavors of a lifetime. Often, it can feel like you're alone, like the world doesn't want you to succeed. It can be life-altering when people show up and accept you, support you, and connect you to resources to help you on your journey.

Most Founders start companies to do more than maximize profit. At their best, **business leaders are changemakers with the capacity to serve and transform entire communities.** They create economic freedom and new jobs, give people agency and self-actualization, and build products and companies that enable a better life for their communities.

*Every Founder is different and we create the space for them to build authentically. It matters to us that people find fulfillment and have the opportunity to create with intention and purpose.*



# Developing a Capital Strategy Roadmap

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## 1.

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Our structured **Investable Process** enables Founders to thoughtfully design and optimize their funding strategy and develop a **capital strategy roadmap**.

*We believe in building **capabilities** not **dependencies** and we aim to create “permissionless entrepreneurs”, who can enroll resources and grow without needing us.*

## 2.

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We help them clarify their **Definition of Success** and what resources matter most to enable that Definition of Success. We help them identify and prioritize risks and deal with the most severe up front. We then help de-risk future investments by building mitigation strategies into the company’s execution plan.

## 3.

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Then, through **Founder-Funder Matching** and **Risk-Resource Matching**, we help Founders identify and enroll the resources that will help them live into their Definition of Success.

# ENABLING INVESTORS WITH A STRUCTURED PROCESS

*Did you ever wish you could use philanthropy to directly impact entrepreneurs in your community?*

Able Fund seeks to be **the best co-investor a funder has ever found**, helping Founders become better operators, providing crucial institutional support at an early stage and providing ongoing support, guidance, and risk-resource matching. We've created a framework that Funders can easily step into. We help people both donate (philanthropic gifts) and deploy their capital (investment), guided by what they know best: how to build companies the world needs.

Further, we aim to create valuable and simple ways to make the relationship between Founders and Funders delightful, mutually-beneficial, and easy to manage, with a structured program that help Founders enroll Funders as more than just a source of money, and creating ongoing and transparent feedback loops between them.



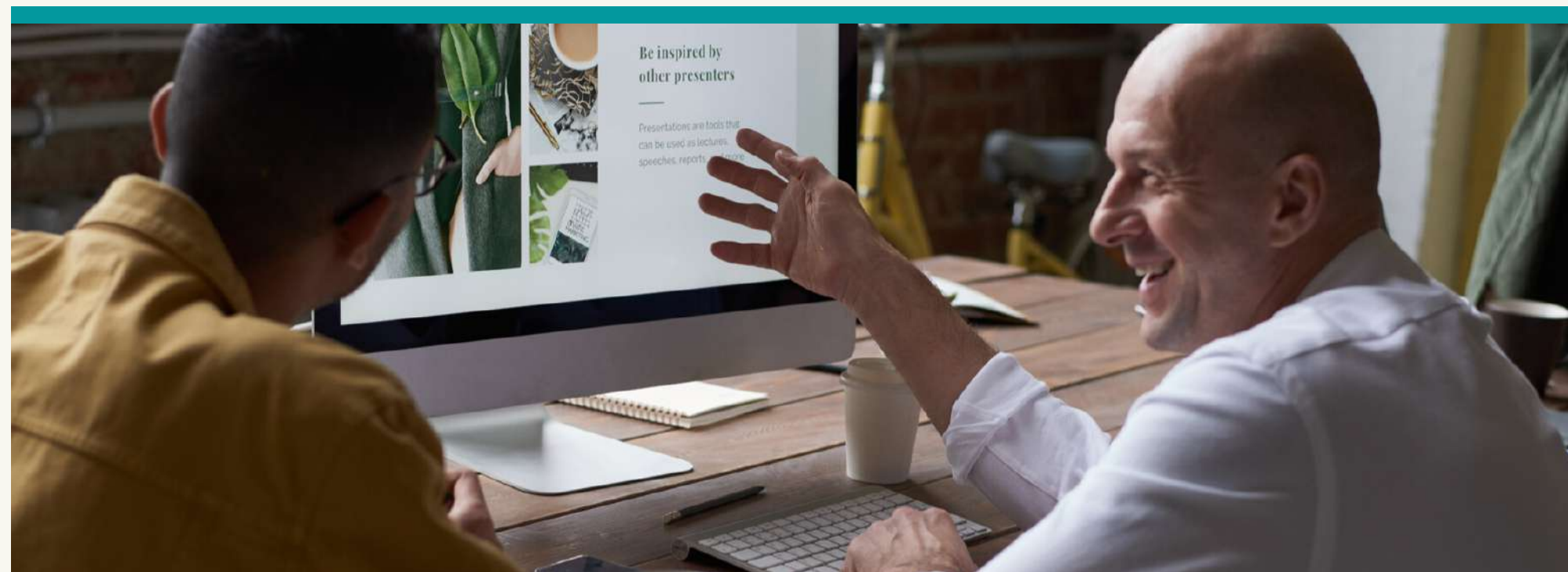
# THE FUNDER'S JOURNEY

Funders have a lot of pain around investing, too. In most cases, they got into investing because they believed they could partner with Founders to build world-changing startups. Oftentimes, their lived experience is inefficient, ineffective, and tiring.

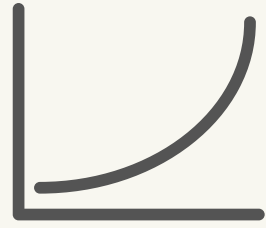
We leverage Funders' experience, strengths, and super-powers to match with Founders and their company's issues. More than traditional mentorship or coaching, our funders are engaged in deep and meaningful work in communities they care about.

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*Funders can bring their philanthropic lives into alignment with their financial lives for **targeted impact**: funding underserved but deserving startups that our economy depends on.*



# A NEW APPROACH



A J-curve model has a real cost on the individual, community, and even portfolio level and tries to achieve escape velocity through exclusion and sacrifice, rather than **create equal opportunity and access**.

**There are superior returns from a different strategy.**

Rather than investing \$10M into 2-5 companies and turning one into a 100x company, we believe in taking that same \$10M and investing it into 100 1x-2x companies and turning them into 2x-3x companies. We can make a much higher number of small bets, and create incremental value in each company through a structured process of imprinting Founders with good management strategies, risk/resource-matching capabilities, and resourcefulness.

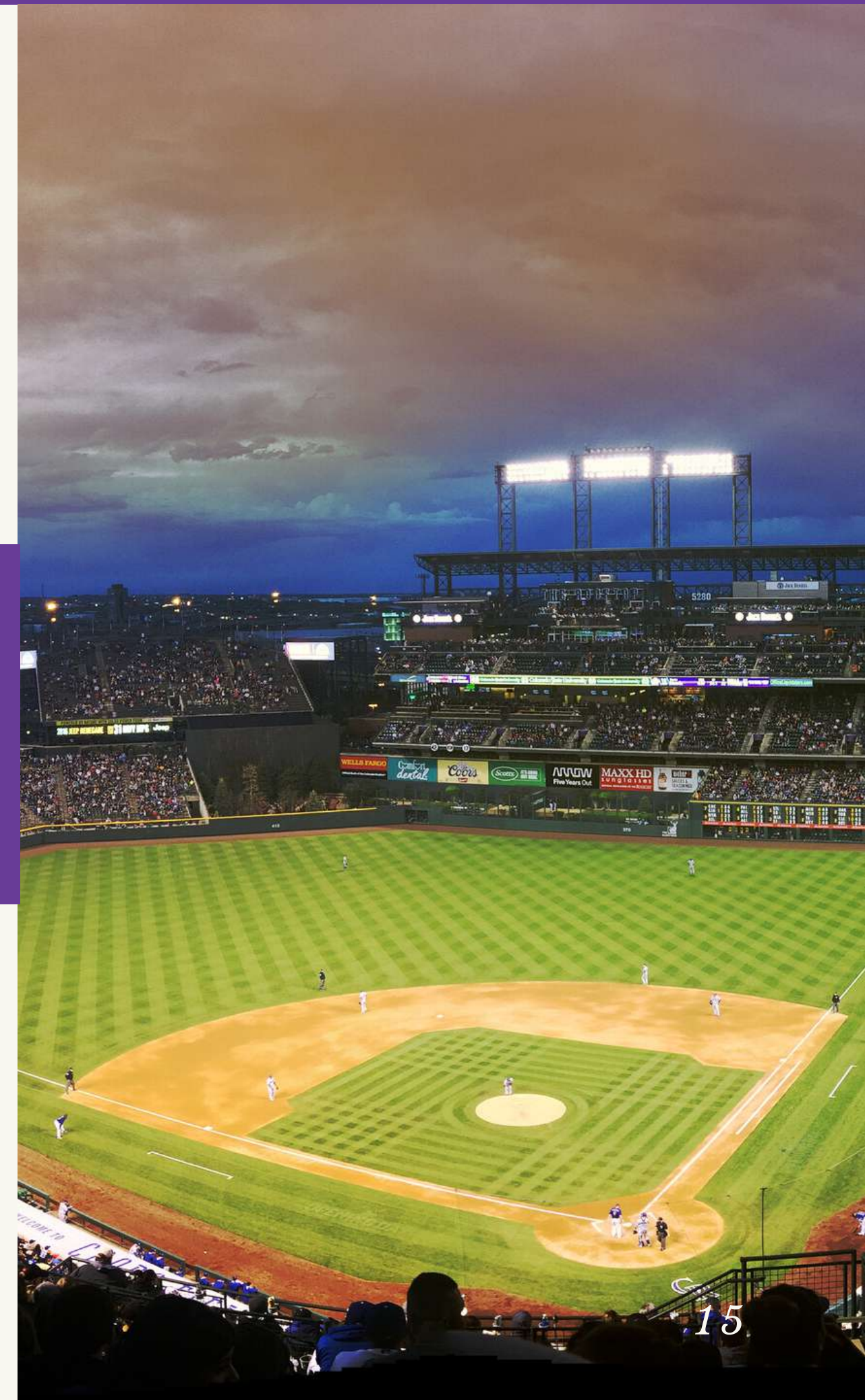
*Thereby, we can create an opportunity for EVERY company to work and gain value, without the arbitrary pressure of **high growth at all costs**.*

# BASE-HITS > HOMERUNS

Most companies will gain incremental value from this approach (some may even experience breakout value), and when most companies in the portfolio gain incremental value, the portfolio becomes more valuable overall.

**This isn't a charity.** We're convinced that this model is also a way to make a lot more money. Put simply, 1000's of base hits are greater than 10's of home runs.

Patient capital and support invested into a large number of companies that might have trouble accessing capital otherwise, has the potential to create huge value and impact.





# OUR VALUES

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- We believe diversity of thought creates healthy disruption and creative innovation
- We value gender parity and minority voices
- We advocate for marginalized, underrepresented, or underserved Founders
- We take a long-term mindset to growth
- We believe wealth is a group process
- We believe it takes a village to raise a startup
- We free Founders and Funders from the shark tank experience
- We strive to be the investors Founders wish existed
- We believe in psychological safety as access to self-expression and value creation
- We believe people become courageous when they know that they're loved, supported, and feel a sense of belonging
- Authentic self-expression positively alters business productivity and creativity
- Philanthropy shouldn't begin at the end; you can help people before you "make it big"
- We approach capital with an abundance-mindset, not a transactional-mindset

*Most importantly, we believe that when we align **what we do** with **why we do it**, we get better results.*



# STRUCTURE

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## **We're building a non-profit evergreen fund.**

We're not an accelerator, nor are we a traditional investment fund. 501(c)(3) status gives us a long-term, high-altitude view and allows companies to grow on their own timeline.

## **We offer highly-flexible terms that fit a company's goals and 100% of portfolio returns go back into the fund for future investment.**

Our engagements are structured and process-oriented, but flexible to align strategies with Founders' and Funders' authentic Definition of Success. We believe Due Diligence and risk mitigation are simply the process of making one's company and vision invulnerable through being vulnerable in a safe and supportive environment.

There's no restriction to only work with accredited investors, therefore, companies don't have to focus on extracting value at the expense of building a solid business.

# Meet the Team

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**DR. RICHARD KLOPP**  
Executive Director



**RYAN SHEPHERD**  
Head of Operations



**ANDREW PAGELS**  
Head of Portfolio Operations



**JAINEE DIAL**  
Head of Brand & Creative



**MEGAN SCAGLIONE**  
Head of Platform & Data



**CHRISTOPHER PAGELS**  
Head of Strategy & Communications

# Let's Connect

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