



Harvard University & University of Michigan Funds Models

Group 3

Volker Then, Shirit Katz-Herz, Eli Gimmon ,Rachel Calipha

Funds

- ▶ **Harvard University –Private University**
 - ▶ Green Revolving Fund
 - ▶ Student Grant Program fund
- ▶ **University of Michigan –Public University**
 - ▶ Social Venture Fund (SVF)

Green Revolving Fund Harvard University

- ▶ Harvard first launched the Green Revolving Fund in 2001
- ▶ successful self-replenishing tool for encouraging Harvard's schools and units to **invest in projects that generate cost savings and reduce their environmental impacts.**
- ▶ The Green Revolving Fund (GRF) is a \$12 million revolving fund (originally funded by the President's Office at \$1.5 million)
- ▶ The Fund provides capital for
 - ▶ High-performance campus design
 - ▶ Operations
 - ▶ Maintenance
 - ▶ Occupant behavior projects

Green Revolving Fund Harvard University

- ▶ The fund's **low-interest loans** have successfully financed projects which save the university electricity, natural gas, water, waste disposal fees, along with other operating costs.

Managers

- ▶ It managed by the university (no students involvements)
- ▶ Source: Offices of the President and Provost
- ▶ Administrator: Office for Sustainability
- ▶ Part of sustainability plan of Harvard university

Stakeholders

- ▶ The committee is made up of stakeholders from across campus, including staff involved with new construction, existing projects, renovations, consulting, energy auditing, and commissioning, as well as financial staff.
- ▶ A majority of Harvard's schools and central administrative departments are represented on the committee
- ▶ They are getting the loan and they're paying back from the saving utility or energy cost

Rules

- ▶ Up to \$1 million
- ▶ Payback period is 11 years
- ▶ 1 year of the approval

Projects

- ▶ Positive NPV
- ▶ SIR –financial and social returns

Performance

- ▶ Average payback period: Approximately 3 years
- ▶ Average return on investment: 29.9%
- ▶ Total savings: Over \$4.8 million annual savings

Important Lessons

- ▶ The office has also drawn important lessons from its efforts over the years:
 - Designated staff must support the fund and advocate for project proposals from the campus community.
 - The committee that reviews proposals must be multi-stakeholder and represent many constituencies.
 - Projects must be thoroughly reviewed and carefully implemented, especially in the stages of calculating performance and cost savings.

The future of the fund may involve expanding the evaluation criteria to focus on innovation and new technology in addition to longer payback periods to accommodate costlier, higher impact projects.

Students Grant program fund

- ▶ <https://green.harvard.edu/programs/student-grants>
- ▶ The Office for Sustainability founded the Student Grant program in 2010 **to provide students with seed funding to support new ideas and innovative projects that address global sustainability challenges with on-campus applications**

Selection Criteria

- Projects that map to **Harvard's Sustainability Plan** topics will receive priority consideration
- Innovation and creativity
- Visibility and replicability
- Measurable impact on resource conservation or other sustainability metrics
- Impact on furthering sustainability efforts
- Quality of work plan and application

Grant

- ▶ Awarded funding typically ranges from \$100 - 2,500
- ▶ No payback

The University of Michigan Social Venture Fund (SVF)



The University of Michigan Social Venture Fund

- ▶ The University has several funds, total of \$10 million.
- ▶ It was started at 2009 by a group of MBA students
- ▶ The first social venture fund
- ▶ The University of Michigan Social Venture Fund (SVF) is an impact venture capital fund that invests in early stage (Seed, Bridge, or Series A), for-profit enterprises.
- ▶ The portfolio of the companies generate measurable, positive social and/or environmental impact and absolute financial return

Team

- ▶ The managing director is a professor of finance
- ▶ It is open for students from several schools
- ▶ SvF is a student run fund of 35-40 MBAs and BBAs, nearly one-half of whom are dual-degrees with the School of Education, the Gerald R. Ford School of Public Policy, the School of Natural Resources and Environment, the School of Public Health and the Law School.
- ▶ Extra curriculum
- ▶ Board of experience professionals
- ▶ Maximize financial returns and social returns
- ▶ The fund is housed within the Zell Lurie Institute for Entrepreneurial Studies at the Ross School of Business.

Portfolio

- ▶ SVF focuses on domestic opportunities within four circles: Education, Health, Urban Revitalization, and Food Systems & Environment.
- ▶ SVF seeks to create and manage a diversified portfolio that combines **financial, social, and environmental returns** to deliver overall value that is commensurate with risk.
- ▶ SVF is an evergreen fund, investing all returns into existing portfolio companies or new enterprises.

Criteria

Social Enterprise: The Social Venture Fund focuses exclusively on for-profit social enterprises that are committed to positive and measurable social and/or environmental impact. In evaluating potential investments, we employ rigorous social and financial valuation techniques to ensure that companies have the potential to provide a strong blended social and financial return. •

Alignment with Investment Areas: We invest in post-revenue companies responding to critical challenges within Education, Food Systems & Environmental, Health, and Urban Revitalization sectors. •

Investment Amounts and Stage: We invest \$50,000 – \$100,000 in equity or convertible debt notes as part of larger capital rounds, typically seed or Series A. Post-investment, year-after-year, we provide our portfolio companies access to resources at the University of Michigan to help them scale quickly and deliver on their social or environmental mission. •

Change Agent Entrepreneurs: We invest in inspiring leaders capable of assembling a world-class management team that shares their passion and commitment to the enterprise's sustained impact. •

Location: We focus on businesses based in the United States. •

Partnership and Sponsors

- ▶ Ford foundation
- ▶ Zell

Impression

- ▶ We can use the selection criteria
- ▶ Eli likes the student grant
- ▶ We can study from the lessons
- ▶ Sponsors (Zell)

Another student fund

- ▶ <https://michiganross.umich.edu/graduate/full-time-mba/curriculum/student-investment-funds>