

DEAR READER: Please note that this essay was written in 1996. While the internet bubble of the past several years makes some of the statistics regarding annual venture capital investments seem hopelessly out of date, questions raised in this paper regarding realistic venture returns and long-term social and environmental impacts are only heightened.

THE BLUE DOT

Community Development Venture Capital,
Patience and Other Oxymorons; Or,

*High-Risk, Low-Return Venture Capital
and the New Realism*

"A portfolio is a portfolio is a portfolio."

So said Financier One, one of the nation's leading financiers, in response to my query.

"There's no such thing, then," I asked him, "as a lower risk, lower return venture capital portfolio?"

As we spoke, I began to wonder whether we were exploring the existence of something new, a tiny, new particle in the quantum world of Wall Street. And as I write this five years later, a week after the Hubble telescope discovered 40 billion new galaxies, I cannot escape wondering whether we were trying to see something as small as earth seen from space: a spec. a dot. But let's zoom back in, close enough to see that this spec is actually a blue dot, our own blue planet, full of life. . .

"I don't care how different you *think* your risk-return characteristics are," he said. "The performance of a portfolio of investments in early stage, private companies has a certain inevitability about it: one will be a home-run, a few more will become successful companies and generate good returns, and the rest will either be complete write-offs or fail to reach liquidity. The returns from the home-run will drive the returns of the portfolio as a whole. A portfolio is a portfolio is a portfolio."

What was most interesting about his conviction was that just a day earlier, a similar discussion with another prominent New York financier had led precisely in the opposite direction.

"OK, you have convinced me that the kind of venture capital portfolio you will be building will have different risk-return characteristics," stated Financier Two. "I believe that you will have no home-runs, far fewer complete write-offs than a traditional portfolio, more singles and doubles, and, in so doing, will incur less risk and generate a lower rate of return. But that begs the question: Why should I invest in such a portfolio when I can make 30 percent per annum doing arbitrage?"

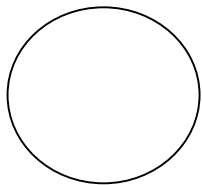
That would be a tough enough question without needing to conjure up a Financier Three to take our conversation to yet another degree of difficulty. Had there been one -- a Financier Three, that is -- we would not have spent our time considering the trade-offs between high-risk, high-return venture capital and its theoretical step-child: lower-risk, lower-return venture capital. We would have plunged headlong into an even more distant galaxy: the theoretical realm of *high-risk, low-return* venture capital.

It is on the outer edges of precisely this realm -- high-risk, low-return venture capital -- that many of us find ourselves, today, wondering how we got here and whether it is a blue dot or a black hole. . .

* * * * *

Actually, the BLUE DOT happened by accident.

One of us was standing at a flip chart, drawing an ad hoc diagram of the venture capital industry, on the one hand, and the tiny group of community development venture capital firms, on the other. It looked like this:



Capital Under Management by
U.S. Venture Capital Industry
(\$35 billion)

Capital Under Management
by CDVC Firms
(<\$50 million)

The marker we were using was blue. . . .*voila*: the BLUE DOT.

But the relative dollars under management by traditional venture capitalists and community development venture capitalists (CDVCs) is

not the whole picture. Because while traditional venture capital is clearly *return driven*, organized to achieve 20 percent plus internal rates of return, community development venture capitalists are *mission driven*, using venture capital techniques to address social and environmental needs in their communities.

From the moment we put the words *community development* together with the words *venture capital*, we are looking at a new hybrid. It is a hybrid that contains ambiguities and, perhaps, even internal contradictions. One of the most fundamental of these ambiguities rests in questions about whether a so-called "venture capital rate of return" can be achieved by community development venture capital funds, or whether a different return benchmark should be used.

Over the past two decades, conventional wisdom has pegged venture capital to a 20% IRR. There is no consensus, no conventional wisdom about the rates of return attainable by CDVC funds.

Firms like Kentucky Highlands, Northeast Ventures, Commons Capital, Coastal Ventures (in formation) and Maryland Small Business Development Finance Authority each describe their return objectives differently and have different funding sources, different kinds of investors who have varying return expectations. Further, while discussions about CDVC frequently touch on the need to measure both financial and "social" returns -- the so-called "double bottom line"-- consensus or common measurement tools do not yet exist on how to do so.

One of the critical issues facing the Community Development Venture Capital Alliance, the emerging coalition of CDVC funds and those seeking to create such funds, is defining appropriate rate of return expectations.

Which brings us back to high-risk, low-return venture capital. . .

VC Returns

During the 1980s, the decade in which institutional venture capital came of age, with assets under management growing more than tenfold (from about \$3 billion to over \$30 billion), investors came to expect a 20 percent internal rate of return (IRR) from the venture capital asset class.

At or above this performance benchmark, a venture capitalist is competitive and will attract capital. Below this benchmark, he is not competitive and will have difficulty attracting capital. From an institutional investor's perspective, an IRR below 20% is insufficient to compensate for risks and illiquidity inherent in venture capital investing.

Achieving a 20% IRR is no mean feat. 7-8 times your money in 10 years yields a 20% IRR. Stop for a moment and think about that: 7 -8 times your money in 10 years.

Here is a table presented by a respected venture capital industry analyst, Arthur Lipper, describing venture capital return targets:

Profit Targets of Venture Capitalist	Compounded Annual Rate of Return (pre-tax)
Triple their money in three years	44
Triple their money in five years	25
Four times their money in four years	41
Five times their money in three years	71
Five times their money in five years	38
Seven times their money in three years	91
Seven times their money in five years	48
Ten times their money in three years	115
Ten times their money in five years	58

Note that the longest time frame included is five years. This is not an accident. In an industry standard ten year venture capital partnership, the average holding period sought for anyone investment is three to five years.

Also note that in order to achieve a portfolio rate of return of 20%, the "hurdle rate" imposed on each individual investment must be far higher, to account for the fact that only a few of the portfolio companies will drive returns for the entire portfolio. (Remember, a portfolio is a portfolio is a . . .)

Consider the following aspects of traditional venture capital. each of which has played an important role in the evolution of the 20% IRR performance benchmark:

Venture capital is based on 10 year partnerships. As noted above, this means far shorter holding periods for any one investment (3-5 years) and a premium for liquidity created through initial public offerings and acquisitions.

Venture capital is directed to larger, later-stage, high-tech investments. Driven by dramatic increases in per-firm capital under management and the recognized difficulties of early-stage investing, venture capital has migrated away from small, early-stage, non-high-tech deals.

The social benefits of venture capital are, to venture capitalists, axiomatic. Genentech, a venture capital backed company, developed T-pa, a life-saving blood clot dissolving agent. Federal Express, a venture capital backed company, revolutionized overnight delivery. Apple Computer. . . you get the point.

Further, the annual yearbook of the National Venture Capital Association often cites jobs created, export revenues generated and taxes paid as important corollary benefits of the venture capital process.

With so many staggering successes to its credit, having made quite a few people -- entrepreneurs and venture capitalists, both -- extremely wealthy and having funded some of the most exciting technological breakthroughs of our time, where's the need for the *mission-driven* approach of community development venture capitalists?

To answer this question you have to turn it on its head. Or, we might say, you have to put down the telescope of venture capital and take a look at the rest of the world.

Scale, Speed (Or Lack Thereof), People and Place

As it happens, the vast majority of new enterprise creation and job creation happens beyond the pale of venture capital.

Looking for companies with the potential to grow to \$100 million in sales in five years, venture capitalists aggressively triage investment opportunities and, in the end, fund fewer than a 1, 000 companies each year. More than 500,000 new companies are created each year in the United States. Some tens of thousands of these, according to analysts, have the potential to reach sales of \$10 million in. . .who

knows how many years, but probably more than five. And there's the rub.

The *scale* and *speed* of traditional venture capital preclude, by definition, a much larger universe of smaller, slower-growth, non-high-tech companies. Not only are smaller deals *smaller*, they will probably be *slower*, too, growing at a more modest (some might say *organic*) rate. Precious few companies have the "hockey stick" growth trajectories sought by venture capitalists.

It is almost too obvious to mention that *time* is a critical variable in rate of return. Yet the degree to which our investment measures are biased towards short-term thinking is, somehow, continually lost on us. A quarter is a long time compared to the hourly and daily time frames of public securities traders. In the life-cycle of a young, private company, however, a trader's time horizon is irrelevant. Traders think in hours, days and quarters; time frames are far, far longer for founders, entrepreneurs and owners.

What is the *appropriate speed* for the growth of a young company?
How fast must the successful venture-capital-funded entrepreneur run?

Appropriate speed is, of course, totally dependent on having a time horizon or destination. For instance, sprinting may be the fastest way on two legs to get from the starting blocks to Yard 440; however, it is most assuredly not the fastest way on two legs to get to the end of Mile 26. A runner's appropriate speed also depends upon an understanding *of why* she is running. If she runs as a means of improving the quality of her life, promoting fitness, stress-reduction and an enjoyment of the outdoors, then maximizing speed is no longer her primary goal. But in the absence of any "meta-speed" goals, all that's left is "running as fast as she can."

In some ways, the venture capital process resembles an endless series of sprints. In the absence of any "meta-speed" goals, the primary objective of venture capitalists is to generate a 20%-plus portfolio IRR. The best way to do this is to find a handful of the most explosive "sprinters" you can find, bet on them for three to five years, and move on.

As a general principle, we all know that high internal rates of return are more difficult to sustain over longer frames. But let's examine briefly the extent to which longer time frames wreak havoc with IRR. See what happens to Lipper's return chart if you adjust expectations:

Profit Targets of Venture Capitalist

**Annual Rate of Return
(pre-tax)**

Double their money in seven years	10 percent
Double their money in ten years	7
Double their money in fifteen years	5
Triple their money in seven years	17
Triple their money in ten years	12
Triple their money in fifteen years	8
Four times their money in fifteen years	10

These numbers make clear that we need to look beyond IRR to measure the success of our efforts to nurture young companies. We need broader measures.

What we need is that to which the phrase "patient capital" pays lip service. What we need is *patience*. And, asking for yours, I want to take a moment and think about patience and how we might figure out what it takes to make capital "patient."

Patient Capital

Critics have often quipped that putting the word "venture" together with the word "capital" may be a little like putting together the words "military" and "intelligence." Such criticism usually focusses on venture capitalists' insistence on "proprietary technology" or "management that has done it before" and the like. To entrepreneurs frustrated by the fundraising process, venture capitalists often do not seem very *venturesome*. But the issue of venture capitalists' lack of *patience* seldom comes under the spotlight.

Putting the word "patient" together with the word "capital" mirrors, perhaps, the process of putting "community development" together with "venture capital." The term "patient capital" is, to be sure, an oxymoron. Perhaps that is why the phrase is so often bandied about. It is widely recognized that we need it, that we don't have enough of it, that this deficiency is lamentable, a symptom of our time-impooverished society.

Nevertheless, trying to put *patience* together with *capital* seems about as practical as trying to turn a sprinter into a marathoner by giving her a heavy weight to carry. What you would end up with, of course, is an injured or very sick runner, or, we might say, the runner turned patient.

It is interesting that, as a noun, the word "patient" has a specifically medical meaning: a patient is someone who is receiving treatment for an illness. And while this sense does not survive well into the adjective, we can still wonder whether some of the lure of the concept of *patient capital* rests in our sense that it may be an antidote for some of the *ills* of our economy.

A sense of a general speeding-up of life is, in the last few decades of the Twentieth Century in the United States, widespread. This "future shock" makes itself felt in everything from breaking through the 100 MIPS (millions of instructions per second) barrier by Intel to the explosive growth of financial trading and the speed of financial flows around the world. Daily trading on the New York Stock Exchange in the mid 1990s frequently exceeds 400 million shares, more than 250 times the average in the 1950s. Every two weeks, "trillions of ones and zeros" equivalent to the monetary value of the entire world economy passes through the fiber-optic financial center of New York.

It may come as quite a surprise, however, to see that the problem of speeding-up and its relationship to financial markets was recognized by Alexis de Tocqueville in 1835:

I know of no country . . . where the love of money has taken a stronger hold on the affections of men and where a profounder contempt is expressed for the theory of the permanent equality of property. But wealth circulates with *inconceivable rapidity* (Emphasis mine.), and experience shows that it is rare to find two succeeding generations in the full enjoyment of it.

We can only speculate regarding how de Tocqueville would view the velocity of today's markets. But let's zoom back in on our particular niche in the venture capital markets of the 1990s, to what entrepreneur and community leader Eliot Hoffman has to say:

Does money care that Suzie Mendoza has been a fully productive member of our baking staff for over two years now, after spending the last 15 of her 30 years as a heroin addict, prisoner, losing her first two children to the courts? Does money care that she is truly a changed woman leading a new life?

Are there investors who believe in and value the importance of multiple returns? A multiple bottom line that includes human, community and social returns? Are there those with capital who are willing to play for the long-term? To invest in businesses that

are working to make our communities better places to live and work? Is there patient, caring capital?

His experience suggests that there is not. While his baking business, Just Desserts, has grown over more than twenty years -- with no outside equity -- to over \$13 million in sales, won numerous awards for Best Desserts in the Bay Area and Excellence in Business, as well as recognition in the national business press for its community responsibility, Hoffman has found it extremely difficult to attract venture capital. His financial goals -- doubling company sales over the next five years -- are too limited, too slow to pass venture capitalists' hurdles. The business has no proprietary technology; its margins are low. And then there is this business of multiple bottom lines. . .

Like so many other entrepreneurs, Hoffman is caught in the gap between small, community-oriented businesses and the capital markets. He wants to remain firmly rooted in his community, managing his business so that *people* and *place* remain as important as *profit*. The problems he is encountering have been recognized by some of today's leading commentators and financiers.

Consider the following observations by Adam Smith (the contemporary) about the disconnect between financial management and the people and places affected by financial decisions:

Perhaps the key point is how our society views the corporation, its owners, and its responsibilities. A worker may work for the same company for twenty years. A manager may live in the community, support its schools, and work to integrate the company and the community. But the owner reigns supreme; it is up to him whether the plant is shut down, the worker is laid off, the manager sent somewhere else. Yet the owner these days is seldom the founder with the big house up on the hill. Technically, the owner (or at least one of the owners) is probably a pension fund or mutual fund, represented by a young portfolio manager who shares neither history nor loyalty with the company and who will sell out in five minutes if that will improve his track record. Or the owner may even be a group of arbitrageurs seeking the fastest return possible on a very swift turnover-measured in hours, not in months or years.

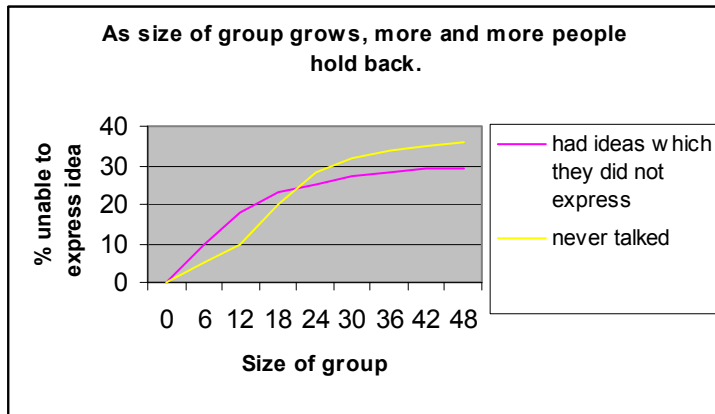
The marketplace has served us very well, but on both the corporate and social scenes it seems to me that the sense of community now missing is a basic element whose absence we've only just begun to feel.

Today's venture capital industry, by driving towards the ideal "exit" of an initial public offering or acquisition, is not just a source of capital for entrepreneurs; it is a powerful catalytic agent that promotes rapid growth and grows companies into the hands of distant investors.

How Big is Small?

Running through all of these issues is the question of scale. Can companies like Just Desserts grow but remain small? How big is still small? \$25 million in sales? \$50 million? To most mutual fund managers, any company with a market capitalization of \$100 million or less would be considered *very* small. Is size a function of sales level, number of employees or. . . ?

A company's scale profoundly influences not only its rootedness in the community but also qualitative aspects of life within a company -- the company's *corporate culture*. Small scale lends itself to intimacy, to connectedness; mega-scale to impersonality, to disconnectedness. Organizational scale has an immediate impact on individual participation. Consider the following graphic, depicting group dynamics:



In a group of 12, one person never talks. In a group of 24, there are six people who never talk. (Pattern Language, Alexander, Ishikawa and Silverstein, p. 713)

Entrepreneurs like Eliot Hoffman recognize the fundamental impact of scale on sense of participation and connection to the community. They do not want to grow companies so fast that they lose these values. To them, a large company that has lost its allegiance to its local community is like a gas-ripened winter tomato on a truck somewhere between California and New York: a symptom of a system that values quantity over quality and that is, in the long-term, not sustainable.

It would be inappropriate to leave the subject of small scale without at least a passing reference to one of its most ardent contemporary proponents, E.F. Schumacher, who wrote, in Small is Beautiful:

People can be themselves only in small, comprehensible groups. Therefore we must learn to think in terms of an articulated structure that can cope with a multiplicity of small-scale units. If economic thinking cannot grasp this, it is useless. If it cannot get beyond its vast abstractions, the national income, the rate of growth, capital/output ratio, input-output analysis, labor mobility, capital accumulation; if it cannot get beyond all this and make contact with the human realities of poverty, frustration, alienation, despair, breakdown, crime, escapism, stress, congestion, ugliness, and spiritual death, then let us scrap economics and start afresh.

Perhaps we should focus not so much on the "scrapping of economics" as on a single task: creating real, honest-to-goodness patient capital. Capital that would support young, private companies without driving them to become uprooted from their communities. Capital that would encourage patience in entrepreneurs and nurture corporate cultures built around commitment to the community and environmental stewardship. Capital that would place its pursuit of maximum speed and maximum size in a broader context.

This is where community development venture capitalists come in.

They start not with a financial benchmark, but with a desire to use the tools of venture capital--due diligence, deal structuring, active Board involvement, portfolio management--to promote development in economically disadvantaged regions or to support companies whose mission is built around principles of social and environmental responsibility. They start with a desire to promote the reconnection between investors and the economic activities they are funding, driven by a host of social and environmental concerns.

Community development venture capitalists recognize the consequences of finance that has become an end in itself, disconnected from people and place. As financier Felix Rohatyn observes:

One of society's main economic activities consists in the buying and selling of stocks, bonds, commodities, real estate, insurance, mutual funds, foreign exchange and futures in anything imaginable.

Most of the time, the product being bought or sold only exists on a computer screen or as an electronic impulse on a magnetic tape. There is no discipline applied to the activity other than its ability to generate profit. Movements of capital and the paper economy related to it used to be the result of industrial and commercial activity; now they are the cause.

Focussed exclusively on maximizing return and minimizing risk, financiers, generally, and venture capitalists, specifically, screen out such qualitative judgments and long-term imponderables. Many community development venture capitalists believe that in so doing, venture capitalists may enrich themselves, but leave the community, the culture around them a little less vibrant, and, ultimately, less sustainable.

There are a host of questions that fall outside the traditional venture capital process but land squarely -- if such a thing is physically possible -- inside the BLUE DOT:

How can we create jobs in economically disadvantaged regions? Can a spirit of entrepreneurship be nurtured among disadvantaged populations? What happens to the relationship between a company and a community when the company relocates? Is acquired? Goes public? As companies create wealth for distant shareholders, how are they affecting their employees, their communities, the natural resources of their region? Is maximizing growth always synonymous with improving quality of life?

Sustainable Yield and Local Sufficiency

Let us pose a concrete example.

Let's say a start-up company located near the offices of a community development venture capital fund was developing a next-generation genetically engineered product capable of increasing cows' milk production. And let's say, for the purposes of this example, that the productivity advances represented by this new product represented a clear competitive advantage: the product could reach the market at half the price of its only competitor and had the double the yield-enhancing results. Finally, let's assume for these purposes that the potential to exceed \$50 million in sales by Year 5 was substantial and that due diligence convincingly demonstrated that the financial characteristics of a proposed investment were attractive.

What other factors would a community development venture capitalist consider with regard to such an investment? She would ask about the long-term impact on human health. About the *need* for more milk vs. the *need* for fresh, locally produced milk. About the impact on local dairy farms and small family farms. About net job creation in the community when such impact is taken into account. About a range of community and environmental factors that are not addressed by increasing milk production.

Questions about the community and environmental impacts of productivity enhancing agricultural technologies are not new. In the 1970s, the plant breeders responsible for what became known as the "Green Revolution" introduced high-yielding genetically-engineered varieties of grain, and national output of basic grains in many developing countries shot up dramatically. But a country can become a net exporter of grain, while many of its farmers lack access to new varieties and much of its population lacks access to basic foodstuffs. Many important areas of need *are not automatically addressed by improving yield*, and, in fact, many new problems can be created through unintended consequences.

Nevertheless, the temptation to reduce everything to its impact on yield, on productivity, is great. Nothing is as clearly quantifiable as the need to increase production and the proven capability of genetic engineering to create high-yielding varieties; everything else is subject to multiple variables, including farmer access to inputs, commodity prices, import/export policies, traditional farming practices, consumer preferences, and the like. Maximum potential yield per acre becomes the only reliable standard.

Today's IRR-driven venture capitalists are a little like plant breeders focused on maximizing yield. How can we get the highest yield? What characteristics do we need to engineer into an enterprise to promote extraordinary growth and maximum return? All other variables are, to the extent possible, screened out.

Perhaps community development venture capitalists are the "agronomists" of the venture capital industry. We know that the dramatic technological breakthroughs are best left to our "breeder" counterparts. While we focus on the social and environmental contexts within which companies operate. We recognize that "breeding" profits from rapidly-growing companies is necessary, but not sufficient. to meet a wide range of community needs. Given a choice between larger yields that are dependent on capital flowing from and to sources outside a region and more modest yields that increase *the sufficiency*

of the local economy, we would choose the latter. We are interested in long-term, sustainable yield.

Returns

Perhaps the central task of community development venture capitalists is to demonstrate that what is generated from the new enterprise creation process are three kinds of returns: *financial returns to investors, social returns to the community and environmental returns to the local ecosystem.*

Efforts to measure the social and environmental benefits of community development venture capital are in their infancy. Throughout the social investment community as a whole, entrepreneurs and investors are grappling with notions of a "double bottom line," the efficacy of social and environmental audits, the meaning of social and environmental accountability, the needs of shareholders vs. the needs of stakeholders.

Community development venture capitalists are just beginning to apply a similar process to the arena of new enterprise creation. They are beginning to measure such outcomes as job creation for low-income individuals, the creation of minority or women-owned businesses and tax generation. They are seeking ways to assess their effectiveness in promoting socially responsible entrepreneurship and rebuilding sustainable local economies.

In the meantime, we can come to some preliminary conclusions regarding the kinds of financial outcomes that can be expected from this type of investing.

Experience to date suggests that community development venture capital should use an IRR benchmark that is substantially lower than 20%, the benchmark of traditional venture capital.

Will community development venture funds as an asset class generate a 5% IRR? 10%? More? Will firms be able to attract capital if they offer investors a 10% IRR? How does this fit with other asset classes? Does it make sense for community development venture funds to try to position themselves as "competitive" with other venture capitalists?

In trying to answer these questions, we need to keep a few things in mind.

Most venture funds do not deliver 20% returns. Just like most public equities money managers do not outperform the index, most traditional venture capitalists do not achieve the kinds of returns they project or, even, expect. Returns for many, many venture funds have been considerably lower than 20%.

Particularly in the area of early-stage venture investing, the appropriateness of a 20% IRR benchmark is becoming increasingly questionable. Because venture capital industry aggregate statistics lump seed and early-stage funds together with mezzanine and LBO funds, it is easy to forget that the reason capital has migrated towards later-stage ventures is precisely because it delivers more predictable, higher returns.

The *1995 Investment Benchmarks Report: Venture Capital*, as reported in the *Venture Capital Journal* (August, 1995), indicates that venture returns have generally fallen short of the 20% benchmark, and that seed and early stage funds have generated lower returns than the industry as a whole. Of 15 fully-liquidated early stage funds studied, the average internal rate of return was 9.1 %, as compared with the overall returns of 11.1% yielded by the total universe of 48 fully-liquidated funds.

Because the community development venture capital field is so young and so small, we just do not know what kind of risk/return equation will prove out. Will some home-runs pop up in these portfolios? Will there be fewer write-offs than in traditional venture portfolios? There will certainly be more illiquidity. Is this a more difficult form of venture capital, with all of the complexity and risk, or even greater risk, and lower returns?

Or is a portfolio a portfolio a portfolio?

Back to The Blue Dot

Perhaps all we can do as we embark on this new path is to keep our eye on the . . . dot.

Steve Viederman, President of the Jessie Smith Noyes Foundation, referring to this process of "dot watching" as a return to first principles, offers the principle of "community asset development":

We need to approach community development not so much as a problem to be solved, but as assets to be developed.

Communities are bundles of assets - human, natural, social, cultural, economic, political. The issue is for the community to be able to put them together. The challenge for community development venture capitalists is: what role does venture capital play in assisting communities to make best use of their assets?

We all recognize that assets such as dioxin-free air, non-eutrophied water, humus-rich soil and stable, healthy households do not appear in most accountings. Historically, these resources were relatively abundant and capital was relatively scarce. It made sense to focus on measures of capital and to maximize economic growth.

Today, perhaps, the situation is somewhat the reverse, with our natural and human resources strained and capital flowing amply and rapidly, looking for places to light. It makes sense to optimize for personal and regional sufficiency, for community health, for environmental integrity.

Essayist and farmer Wendell Berry has observed, "An economy that sees the life of a community or a place as expendable, and reckons its value only in terms of money, is not acceptable because it is not realistic." Given what we know about the persistence of poverty, the declines of so many Main Streets and the hole in the ozone layer, and given what we sense about the impoverishment of many aspects of modern life, we must bring a new realism to the new enterprise creation process.

As financial entrepreneurs, community development venture capitalists have an important role to play in offering institutional investors a prudent means of building this new realism into their portfolios. As equity owners, partners and active stewards, community development venture capitalists have a unique role to play in the integration of this new realism into the culture of young companies across the United States.

E.B. Tasch
May 28, 1996

