

## Acumen Fund: How to Make the Greatest Impact

“This is indeed wonderful news. We are honored that your foundation is seriously considering providing Acumen Fund with a \$10 million contribution. As we discussed, we will provide a proposal highlighting how we believe Acumen can best maximize its impact with these new funds,” said Jacqueline Novogratz, CEO of Acumen Fund, responding to the representative of a family foundation that was prepared to make this generous donation. “I will review this with my management team, and we will submit our final recommendation within three days.”

Novogratz hung up the phone and looked across her desk at Brian Trelstad, Acumen Fund’s Chief Investment Officer. A family foundation had approached Acumen Fund about a possible large contribution, but first wanted a clear and compelling statement of how Acumen Fund intended to utilize those funds. Novogratz and Trelstad, together with the rest of Acumen’s top management team, had recently initiated a series of internal conversations on the various options that Acumen could pursue to expand its impact. Now they had to move from discussion to consensus.

Since its inception at the end of 2001, Acumen Fund had grown rapidly. By the end of 2006, it had approximately \$20 million under management in 17 social enterprises, impacting close to 10 million lives at the base of the pyramid (BoP), or those making less than \$4 a day.<sup>1</sup> As the organization looked five years into the future, it had ambitions to grow its portfolio to \$100 million in 60-80 enterprises, targeting to impact 50 million lives. In order to become a major player in solving issues of global poverty, however, Acumen Fund believed that it also needed to translate insights derived from managing its investment portfolio to drive changes in the development sector’s paradigm of poverty alleviation as well as develop a talent pipeline to build a viable sector of pro-poor entrepreneurs.

Acumen Fund’s management team had recently become more thoughtful about expanding the geographies and sectors that it specialized in due to transactional inefficiencies and high start-up costs. The organization wanted to continue penetrating deeper into its existing geographies and sectors, while also increasing its efforts to share knowledge with the development sector, and build talent for the field—all areas that were considered core. However, some members of the organization supported a targeted expansion in geographic reach and sector expertise. The interest from this potential donor was now causing Acumen Fund to explicitly prioritize how it planned to grow in the future. The new funds could allow Acumen Fund to make investments in new geographies, expand its portfolio into new sectors, further develop its new initiatives in talent and knowledge sharing, or reach deeper into its current sectors and geographic regions.

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