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Village Capital: Using Peer Support to Accelerate Impact Investing

Bob Pattillo, a successful entrepreneur in his own right, sees himself as the “dog that caught the bus.” In this metaphor, the dog ends up in unexpected possession of something that she never expected to catch. In Pattillo’s case, he and cofounder Ross Baird spent the past year building Village Capital as a program that uses the power of peer networks to accelerate seed-stage impact investments (businesses designed to generate financial returns by placing social value creation first. He launched four pilots under the unusual premise that entrepreneurs themselves may be good allocators of capital—and this seems to have worked even better than he had expected! Based on his early feedback, he now has to make three key decisions about the future of the young and innovative Village Capital:

1. Should the organization remain part of a for-profit investment firm, or be a separate non-profit enterprise?
2. Which criteria will guide the selection of new sites in which to launch Village Capital? How will he prioritize a balance of intended financial returns with desired impact as he directs how to expand?
3. How will he structure his investments in Village Capital enterprises so that he can attract more investment capital besides his own?

These decisions will determine how Village Capital is structured, how much money Pattillo will need to raise and from what sources, and how Pattillo will position Village Capital in the impact investing world.

The Creation of an Impact Investing Strategy

Bob Pattillo didn’t always do venture investing. He started off building a family business, Pattillo Properties, into the eighth most active industrial development company in the United States. In 2005, he sold that company and decided to dedicate his fortune to impact investing. Impact investing is an investment strategy whereby an investor places capital in businesses that aspire to generate financial returns by placing social value creation first.

The foundation that Pattillo started, the Rockdale Foundation, had been making grants to microfinance banks since 1998. While listening to a microentrepreneur’s story in a remote village in Bangladesh, Pattillo got the idea that making for-profit investments in microfinance banks could be more effective than traditional

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