Q&A

No Trade-Off Between Doing Good and Doing Well: Phillips Foundation

Elizabeth Carlock Phillips

Elizabeth Carlock Phillips, executive director at Phillips Foundation, was interviewed on June 5 by Emily Chasan.

Q: In addition to being a grant-making foundation, you describe yourself as a catalytic capital platform. How did that come to be?
A: We call ourselves a catalytic capital platform, because we seek to leverage the capital we deploy for value beyond the check amount. We have found that the best use of our philanthropic dollars is to serve as risk capital that is then leveraged through proof-of-concept work to tap additional philanthropic support or public budgets for sustainability.

Q: The foundation has almost all of its $60 million in mission-aligned investments. Can you tell us a little about that journey?
A: We had to find the right financial advisers who could help us achieve our goal of reaching 100 percent value alignment across the foundation's corpus. Since making that move, we have achieved better financial returns and feel like we are serving as good stewards of the foundation's full assets – making an impact not just with our 5 percent in annual grant-making but with the whole platform under our direction.

Q: What are some of the investments?
A: Our goal is: "First, do no harm," which we achieve through screens. Then, when we can find opportunities to create measurable social and/or environmental impact through our investable assets, that's even better.

Our first direct impact investment was $500,000 in a social business in Uganda, which helped it respond to a U.S. Department store's purchase order for jewelry. The Ugandan organization purchased raw materials, doubled the number of women employed and paid back the low-interest loan within a year, and we made 5 percent. Those are the types of double-bottom-line, win-win investments we seek out and deem successful as a philanthropic institution. I had been involved in the startup of this particular non-profit social business and knew it well, which is how we chose it as a pilot impact investment.

We invest for impact across asset classes, too. One example in our private equity portfolio is The Vistria Group, which targets the education, health-care and financial services sectors. To provide a fixed income example, we have recently invested in MCE Social Capital, due to their guarantor model and strong impact reporting.

Q: How has your performance been as you've moved toward mission-driven investment? Why should family offices get more involved in impact investing?
A: Impact investing is just good investing. We see it as not only a positive way to steward capital but also as risk mitigation. When you're investing in companies that pursue ethical practices and are conscious of their impact, they're more sustainable. We have not seen a trade-off between doing good and doing well.

Q: What advice would you give to those families just venturing out in impact investing? What risks should they be looking out for?
A: The best advice I can give is to find families more experienced in the space and learn from them or co-invest. Also, start somewhere that makes sense for you, like within an industry you already understand or an opportunity related to the family business. There are so many networks in this arena, too, which can really help with the learning curve. We have found a lot of value in The ImPact, for example, which was specifically created for family offices interested in impact investing.

ELIZABETH CARLOCK PHILLIPS AT A GLANCE:
Age: 29 • **Location:** Greensboro, North Carolina • **Education**: B.A. Corporate Communications and Public Affairs, Southern Methodist University (SMU) • **Hobbies**: Currently, building Legos with my kids; blogging • **Favorite city**: Vienna

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