

New Kinds of Venture Capital for Zebras?

Background (www.purpose-economy.org)

Purpose is a group of nonprofit and for-purpose organizations developing the ecosystem of knowledge, resources, support, and capital necessary to make transitioning to steward-ownership and raising capital on aligned terms easier for businesses. Steward-ownership is an ownership structure for companies that retools the goals and incentives that guide decision making in companies. Steward-owned companies are committed to two principles:

- (1) Self-governance - Control remains inside the company with the people directly connected to stewarding its operation and mission. With the control of the company held in a trust, it can no longer be bought or sold.
- (2) Profits serve purpose - Wealth generated by these businesses cannot be privatized. Instead, profits serve the mission of the company, and are either reinvested in the company, stakeholders, or donated. Investors and founders are fairly compensated.

Purpose provides patient, mission-aligned capital to steward-owned companies. For purpose-driven entrepreneurs, the conventional VC model is often incompatible with the mission of the company or the type of company they want to build. These founders are interested in more than growth for growth's sake. They want to build lasting, impactful businesses and preserve their mission in the future. We invest in people who feel passionately about steward-ownership – about what it means for their company, team, purpose, and the world. Our founders want to help build a more social, sustainable economy and understand their businesses as part of the solution. IWith Purpose Ventures, we provide mission-aligned capital to help early-stage and Series-A steward-owned startups and businesses grow and succeed without selling themselves. Our terms allow companies to stay independent, provide investors liquidity without a sale or exit, and build impactful companies.

The Project Study

There are countless examples of startups that become extremely successful through venture capital. This includes companies that play a major role in our day-to-day life, from Facebook, Uber to Airbnb and many more. The business model behind venture capital investments is often to finance several companies, most of which will fail, in order to find “unicorns” with sufficient growth to generate revenues through exits to balance out the other failed investments - The so-called fund returner.

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In the last years, the “Zebra Movement” joined by several entrepreneurs and investors has stated that venture capital does not work for every company, but only for companies characterized by high growth rates – otherwise they will not be considered, even if the business model could be profitable and they have moderate growth rates: because they don’t have the chance to become a unicorn and the fund-returner. Similarly, Purpose works with startups that don’t want to make an exit, but build long-term profitable companies with a purpose. With conventional types of venture capital, these companies, and more so companies that are steward-owned, are not a fit.

For our work with startups and investors, we would be interested in a report on the dynamics of the venture capital industry and the suitability of different types of capital for different types of companies. Why do what kind of startups receive what kind of (venture) capital and what makes them succeed or fail? For which kind of companies is venture capital not suitable and why? The report should be neutral and literature-based, including some numbers and statistics and cover specifically:

- An overview of different types of startups and their financing needs, including movements like the Zebra Movement and steward-ownership
- An analysis of different types of venture capital instruments
- A compilation and analysis of different scenarios of venture capital investment cases in which conventional venture capital does not provide a good fit
- Matching of the scenarios to different types of venture capital instruments.

What we offer

Purpose as your organisational partner will be available for discussions, feedback and advice. They can provide insights in their own strategy and investments, and give an example of an investment fund focusing exclusively on investments in steward-ownership.

The project study and all discussions will take place in a digital format.

Who we are looking for

We are looking for a **team of 2-4 students** that are highly motivated to pursue the project as their project study. We hope for students with out-of-the-box thinking and an open mind in regard to alternative ownership structures and unconventional approaches to venture capital investments. The language of the report should be English, so solid English language skills are necessary; German language skills can be beneficial.

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For more information and insights into the topic of the project study, see the [NY Times](#), the [Purpose Book including a chapter on venture capital in steward-ownership](#) or the text [Sex & Startups](#) by the Zebra Movement.

The project study should start as soon as possible.

Please send your CV and a 1-page motivation letter to Maximilian Kremer (Maximilian.kremer@tum.de)