



Simon Mainwaring Contributor

## How To Use Purpose To Attract Investors And Drive Profit

Millennials are coming of age and now make up the [largest percentage of the U.S. population](#) – which means they are set to make up an increasingly larger percentage of total individual investors. This socially conscious generation is [saying](#) they want to support companies that strive for prosperity, which means not just a wealthy few but rather the well-being of many. These purpose-focused young adults aren't the only ones putting their money where their mission is. Historically wealthy families and financial institutions are investing in purpose too. Take the [Rockefeller Brothers Fund](#) for example, which committed to divest from fossil fuels. Purpose-driven investing is more than table stakes; it's influencing substantial amounts of capital and positioning your brand to stand out as a sound monetary, as well as social, investment, in turn, can help your business attract funding and increase financial performance.

Whether environmental and social business considerations – or Socially Responsible Investing – increase returns has been a topic of research and debate for several decades (though the movement itself wasn't officially coined [Impact Investing](#) until 2007 at a meeting held by the Rockefeller Foundation). Studies show the numbers back the notion that purpose supports profit. Researchers from the Deutsche Bank and the University of Hamburg reviewed over 2,000 empirical studies to assess the correlation between Environmental, Social and Governance (ESG) metrics and Corporate Financial Performance (CFP) and found that in [90% of cases studied, ESG showed a non-negative relationship with CFP](#). Further, a recent Legg Mason [survey](#) found that over 43% of high net worth individuals and 56% of millennials would like to invest more in ESG assets. Additionally, 82% and 88% of each group respectively would like to learn more about them. So if you're looking to raise capital for your business, be it from individuals, venture capitalists or institutions, be sure to take full advantage of the storytelling potential of your purpose-driven mission (as well as quantitative data to back it up), to entice investor interest by showcasing your brand's ability to scale profits and impact.

By following these five steps you can leverage your purpose to make your company more attractive to investors and improve financial performance:

**1. Know what ESG ratings measure** – As the saying goes, you can't change what you can't measure, so the first step here is quite simply getting familiar with what ESG rating systems look for. There are a number of different organizations that have created metrics and indices listing the

highest rated companies. In general, these rating systems consider [key performance indicators](#) (KPI's) that assess things like the carbon and water footprint, as well as employee retention rates and internal corruption of a company. To learn more check out [CSRHub](#), [Sustainalytics](#) and [Bloomberg ESG Data](#).

**2. Assure your supply chain and business practices score high in ESG ratings** – Once you're familiar with what ESG rating systems are looking for, you can weave best practices into your business from your supply chain and product sourcing to the type and amount of energy you use to employee satisfaction. The Global Reporting Initiative's [Sustainability Reporting Guidelines](#) is an excellent place to start. If you get overwhelmed — sometimes it's difficult to see the bigger picture from inside looking out – you can hire a sustainability consultant. Major firms like [ARUP](#) and [McKinsey & Company](#) offer these services, as do smaller companies like [Strategic Sustainability Consulting](#), to help you meet purpose metrics and increase your ESG ratings.

**3. Get rated** – This step is simple. Once you're practicing and measuring purpose, reach out to one of these [rating agencies](#) to assess your company, then publicly release your ESG metrics along with your financial statements.. By getting the data to backup your purpose-driven story you not only promote transparency and have a benchmark that you can improve upon, but also distinguish yourself as a credible brand that is without question using business as a force for good.

**4. Connect with financial professionals versed in impact investing** – Once you've optimized your ESG ratings, connect with financial professionals who can provide you with capital directly or help you find socially conscious investors. [Calvert](#) and [Investors' Circle](#) are excellent resources to help get you started.

**5. Share your story** – Social media is a great place to tell others about your process refining, measuring and acting on your purpose. It's also important to attend and seek speaking opportunities at investor forums and conferences to expand your network and spark interest in your brand. The [SRI Conference](#), [Sustainatopia](#), [The Economist Impact Investing Conference](#), [Sustainable Brands](#) and [USSIF Annual Conference](#) are amazing opportunities to meet and network with other socially responsible investors.

Investors – from individuals to institutional giants – are seeing the social and financial value of aligning purpose with profit and it's increasingly important for your brand to define, measure and share your purpose driven-mission for the benefit of humanity and your bottom-line.

*Simon Mainwaring is the CEO of [We First](#). Follow him on [Twitter](#) and [LinkedIn](#).*