

HBS Investing for Impact Course Overview

Fall 2025



Harvard
Business
School



Genesis and Evolution of IFI: 2020 to present

- In April 2020, a number of MBA students donated their stimulus checks to a fund to invest in local businesses and sought our advice on how to do that. TL;DR, it's not easy!
- Over the summer 2020, a team of students whose internships had been cancelled mapped out what a student fund investing in small business might look like and decided to focus on investing in businesses led by under-represented founders in the Boston region
- In the winter of 2020-21, we opened a small DAF at Impact Assets and raised \$80,000 from two faculty members to test the thesis, and made our first investment into Casabe
- In the fall of 2020 and spring of 2021, a small group of students participated in an “Independent Project” with 4 faculty members to test the thesis; we continued with it as an IP in the fall of 2022
- In fall of 2023, the course became a regular HBS course limited to 25 students, and we pioneered six cases that focused on elements of the course: due diligence planning, financial analysis, choosing an investment structure, measuring impact, developing a term sheet, and understanding the intermediary ecosystem
- We shifted the course to the spring of 2025 to align with the BostonXChange, a new initiative supported by Jaylen Brown and Jrue and Lauren Holiday, and continued to add new cases and expanded to 40 students with 10 cross-registered students working with 11 companies
- We moved the course back to the fall of 2025 to better align with student interest and faculty schedules, made it application only, and selected 29 MBAs and 1 cross-registrant (MIT Sloan) to work with 8 companies; we also created an open application process that got 64 companies, 32 in scope, we interviewed 16 to select 8.

IFI's Purpose: Experiential Investing to Close Capital Gap

The Harvard Business School Investing for Impact class seeks to **expand access to affordable, flexible capital for entrepreneurs** seeking to build businesses and make a difference in their communities while also **providing HBS students with hands-on experience in impact investing** and the opportunity to learn from our entrepreneur partners.

The course and its independent Donor Advised Fund (at Impact Assets, a 501(c)3 organization) have the dual goals of **creating social change** and the pursuit of **reasonable investment returns, allowing** for those funds to be redeployed to new entrepreneurial opportunities in the future.

IFI's Learning Model: Case, Field Work, Team Dynamics and IC

“The hands-on experience was eye-opening and gave a great feel for what impact investing is truly like”

HBS Student, 2021

Case Method

“This class is phenomenal. It has been one of the best experiences I’ve had while at HBS”

HBS Student, 2022

Experiential Diligence with Business Founder

“This class brought together a really special group of people focused on impact, justice and entrepreneurial wealth building. The students, the profs, the entrepreneurs and the guests. I learned so much”

HBS Student, 2022

Team Collaboration

Presentation to IC & Coordination with Impact Assets DAF

“Coming into this course, I didn’t have a strong appreciation for what impact investing was. Now, I fully appreciate the complex nature of the work and the nuances involved”

HBS Student, 2023

Dual Goals: Flexible Investments for Impact and Sustainable Returns

Flexible terms

We invest \$25k to \$50k as either debt or equity managed by a third-party donor advised fund, ImpactAssets. Our terms are structured in founder-friendly ways. We often co-invest with local intermediary partners, including Boston Impact Initiative (BII) and Nectar, seeking to amplify the impact of each investment and to strengthen the local impact ecosystem by pooling our resources and expertise to help founders.

Impact

We focus principally on the potential for wealth creation for founders as our main area of impact, but we also look at ways that the companies can provide quality jobs in our communities, and ways in which the business contribute to economic redevelopment or another clear and measurable impact objective (e.g. health, education).

Sustainable Returns

The fund seeks reasonable financial returns, with the goal of redeploying those returns for future generations of students and entrepreneurs. Our aim with each investment is to generate a 1.5x cash return, and for the fund, anticipating some losses, to generate a 1x return and to become an "evergreen portfolio" supporting founders who face barriers in accessing capital.

Guided by Faculty and an IC from Alumni and Faculty at Harvard

Faculty



GERALD CHERTAVIAN

Senior Lecturer of
Business Administration



ARCHIE JONES

Senior Lecturer of
Business Administration



EMILY MCCOMB

Sokoloff Family Senior
Lecturer of Business
Administration



BRIAN TRELSTAD

William H. Bloomberg
Senior Lecturer of
Business Administration

Investment Committee



HEIDI BROOKS

Former IC, Boston
Impact Initiative



GERARDO ESPINOZA

Founder and CEO,
LEAF



BRIDGET LONG

Saris Professor of Education
and Economics at the Harvard
Graduate School of Education



GEORGE RIEDEL

Senior Lecturer of
Business Administration

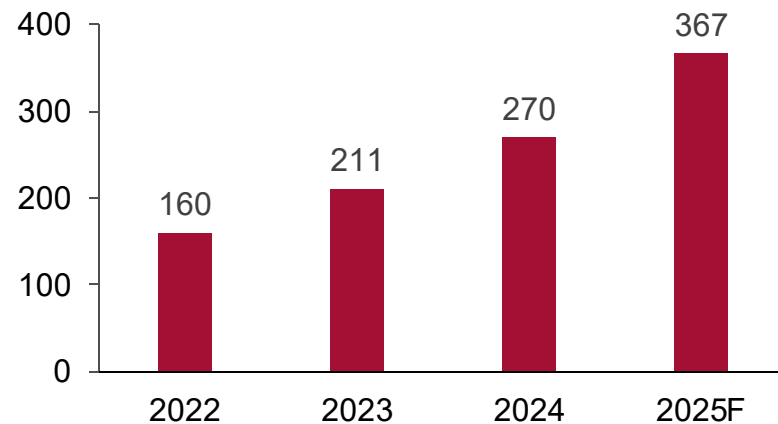
We Work Closely With Boston Intermediaries



Company Profile: Hillside Harvest

Hillside Harvest is a Caribbean-American sauce company aiming to bring international flavors to mainstream U.S. customers. With our support, Hillside went from costly direct-to-consumer experiments to a retail-focused strategy, launching into 500+ stores and securing partnerships with multiple University dining programs. Hillside has seen steady year over year revenue growth and are on track to be profitable by next year. With a fundraising round on the horizon, Hillside is well-positioned to scale and bring their delicious products to even more customers nationwide.

Revenue Since Investment



Impact to Date

Current Portfolio

- 13 Investments made into 12 companies
- \$475,000 disbursed
- 7 Promissory Notes, 3 Term Loans, 1 Revenue Share and 2 SAFES
- \$40,000 returned to date and \$410,000 in principal outstanding; one write-off (\$50,000) and three additional investments (\$100,000) that are unlikely to be fully repaid

Future Portfolio

- 4 approved investments of an additional \$175,000
- 3 term loans and 1 SAFE

Total Portfolio (2026)

- \$650,000 in 16 companies led by under-represented founders

Impact Focus

- Increase revenues
 - Revenues at time of investment: \$2M
 - Revenues 2025 (Est): \$3.8M
- Sustain employment
 - 38 FT and 20 PT employees at time of investment
 - 41 FT and 17 PT employees at end of 2025
- Raise co-investment capital
 - Conducting survey to determine follow-on investment raised by portfolio; estimated to be at least another \$1M of follow-on capital
- Create founder wealth
 - Conducting analysis in Spring 2026 of incremental founder wealth created



What Works Well, What Doesn't Work So Well

What works well

- Founder engagement: they love working with the students and having 3-4 co-learning sessions with them each year has been great
- Getting the students into the field to spend time with the founders on site changes their perceptions
- Messiness of the process is the essence of the learning, although it can be frustrating for some of the students
- High faculty (4) to student ratio (30) allows us to work closely with 2 teams and 7-8 students each

What doesn't work as well

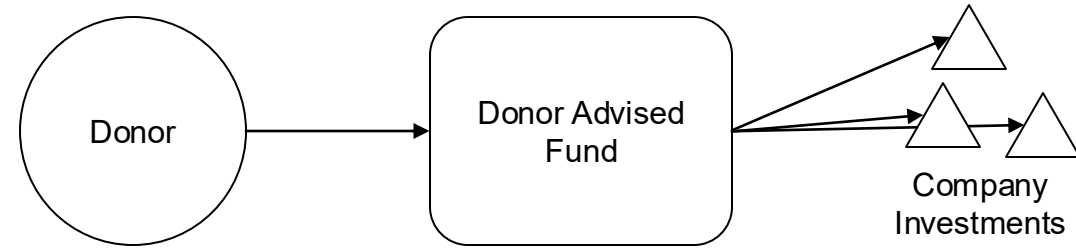
- Sourcing companies at the right stage and size is a challenge. More than \$1M revenues and our \$25-\$50,000 is not helpful; less than \$100,000 revenues they might not be enough of a business
- When a company encounters stress during the semester, the teams have to pivot
- Balancing the case work with the diligence work; there are not that many great cases and the ones we have written still struggle to meet the students expectations
- Balancing a hyper-local focus on businesses in Boston with the students interest in impact investing around the world

Funding via Donor Advised Fund at Impact Assets



A 501(c)(3) that offers flexible solutions for impact investing

- ImpactAssets was founded in 2010 as a nonprofit financial services firm that increases the flow of capital into investments that deliver financial, social & environment returns
- We have an ImpactAssets DAF account as the HBS Impact Investment Fund
- The platform is used by the MBA funds of Stanford, MIT and Wharton, amongst others



Funding via Donor Advised Fund on ImpactAssets' platform

How does it work?

- A pool of capital is transferred from a donor ("Owner") to a DAF intermediary (ImpactAssets)
- The Owner(s) can nominate an "Advisor" or "Donor of Record" (i.e. HBS Impact Investment Fund) who then has the ability to operate as a signatory in the deployment of capital from the DAF
- The Owners get the tax benefit and required documentation from ImpactAssets
- Multiple donors can contribute to the same account

How is Impact Assets involved?

- ImpactAssets completes legal and compliance diligence on investments, and manages ongoing investment compliance
- Business diligence performed by HBS Investment Fund, and must receive IC approval before being recommended to ImpactAssets for investment