

THE VERIS
IMPACT
INTERVIEW

Kesha Cash on
Transforming
Economic Livelihoods
of Marginalized
Communities in America

March 2018

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Kesha Cash

is Founder and General Partner of Impact America Fund (IAF), a fund designed to harness market opportunities overlooked by traditional investors. Kesha's personal mission is to transform the economic livelihoods of marginalized communities in America. A Columbia MBA and applied mathematics student from UC Berkeley, Kesha spent the first decade of her career as a mergers and acquisitions analyst at Merrill Lynch in NYC, an operational consultant to inner-city small businesses in Los Angeles, and an impact investments associate at Bridges Ventures in the UK. In 2010, Kesha co-founded Jalia Ventures, a \$5 million initiative focused on investing in mission-driven entrepreneurs of color, with serial impact investor, Josh Mailman. Kesha is a contributing writer at Women@Forbes, and lecturer for Frontier Market Scouts at Middlebury Institute of International Studies at Monterey.



What's the state of wealth in communities of color today?

There is a huge racial wealth gap in America today. According to Stanford's Center on Poverty and Inequality's 2017 "[State of the Union](#)" report, African Americans have less than eight cents on the dollar of wealth compared to whites. For Latinos, it's less than ten cents on the dollar. It doesn't look like things are going to improve if we stay on the same path that we're currently on. A recent [study](#) by Prosperity Now and the Institute for Policy Studies just concluded that the median wealth for black Americans and Latinos will be zero within a matter of decades. It's important to level-set to understand what slavery, Jim Crow laws, and all of the other obstacles people of color have encountered over the past several centuries have led to. It's clear that unless there is a complete paradigm shift, we're not going to be able to overcome this. It's overwhelming.

How do we change the past and bring more equality to wealth creation?

The past can't be changed, but it's heartening to me that we're starting to see an acknowledgement of what the past has wrought and an understanding that any meaningful change must address the broken systems that have failed many communities. Dr. Martin Luther King, Jr. understood the role of capital in repairing the past and creating sustainable communities when he launched Operation Breadbasket in 1962. By encouraging white-owned businesses to hire black workers for living wage jobs and advocating for the development of black-owned financial institutions, he brought close to \$25 million to the black community within five years. We know what works: if you want equality in wealth creation, you need equality in access to capital. It really is that simple. A [study](#) by the Association of Enterprise Opportunity found that in 2013, the wealth gap between black and white adults decreased from a multiplier of 13



How do you build that ecosystem?

to a multiplier of 3 when the comparison looked solely at the differences in wealth between black and white business owners. And yet, right now, black women are the fastest growing group of entrepreneurs in the United States, but they can't get the funding and support that they need to build and scale their companies. From a structural standpoint, we must build an ecosystem to support entrepreneurs of color with capital, training, and resources. We need to meet diverse entrepreneurs where they are and get them the resources to fulfill their potential.

The first step is for those who are in positions to fund and shape the ecosystem to be really intentional about the necessity and importance of doing this work. Thankfully, in addition to wealthy individuals from within African American and Latino communities, there are outside philanthropists and organizations that genuinely recognize the urgent need for this kind of support and are starting to step up. Code2040, the Kauffman Foundation, and the Case Foundation are just a few of the organizations that are already looking at how to create inclusive ecosystems. We recently helped grow the ecosystem for mission-driven entrepreneurs by investing in the Techstars Impact Accelerator.

What we know is that building an inclusive and diverse entrepreneurial ecosystem is not complex and doesn't involve skillsets that investors, incubators, and accelerators don't already have. They simply need to acknowledge that there are vast numbers of entrepreneurs who don't have access to traditional entrepreneurial networks, either because of geographical location or from being historically shut out, and make a conscious effort to find them and invite them to the table with support and funding that meets their specific needs.



What kinds of support do traditional businesses need?

In low- and moderate-income (LMI) communities, the grocery store, hair stylist, or dry cleaner needs access to capital, but it's difficult to come by. Their needs are very different from the high-growth, technology-driven companies that attract everyone's attention. A [study](#) from the Stanford Graduate School of Business looked into Latino entrepreneurship and found that the growth rate of Latino-owned firms has dwarfed the national average for the past 15 years, but that they remained flat in terms of revenue and number of employees because they were unable to get funding outside of friends, family or personal savings. We need more companies like our portfolio company, Camino Financial, that are helping by developing alternate sources for determining the creditworthiness of underbanked business-owners and underwriting loans. Otherwise, the high loan-denial rate and predatory terms of traditional banks will keep these community businesses from scaling and potentially contributing trillions of dollars to the U.S. economy.

What kinds of investments are you making in entrepreneurs of color?

Two-thirds of the companies in our portfolio were founded by entrepreneurs of color, but that is more a happy byproduct of the importance we place on investing in companies whose business models improve wealth and well-being outcomes for LMI communities, many of which are communities of color. A key part of that is ensuring that the entrepreneurs we invest in feel a genuine commitment to the communities their products and services serve. That sense of genuine commitment isn't limited to entrepreneurs of a certain race or gender, but we've found that there is no substitution for lived experience when it comes to having a deep appreciation of customers and a nuanced understanding of their



Can you give us a snapshot of your portfolio companies?

needs, desires, behaviors, and cultural norms. Our role is to support the entrepreneurs who have lived experience with LMI communities with the resources and network they need to build successful companies. By providing capital for founders who have been previously overlooked by traditional venture capitalists, we are not only helping them build individual wealth, but are helping them to lift up communities that have also been left behind.

Our portfolio currently employs 120 full-time people and has projected revenue of \$40 million, with 66 percent of our funds invested in a vertical of Economic Inclusion. The companies we invest in are helping to improve incomes, increase growth opportunities for small businesses, and bring helpful data and transparencies to the underserved.

Mayvonn, which has been called the “Amazon.com of hair extensions,” provides an online platform where stylists can sell hair extension supplies and wigs directly to their customers, while earning a commission on each sale. These stylists, the majority of whom are black, are generating up to 40 percent more client revenue, without having to buy or purchase inventory. This increase significantly boosts their incomes and often makes the difference between living under the poverty line or safely above it.

ConnXus helps tackle the disparity in opportunity faced by minority-owned businesses by providing a cloud-based SaaS platform connecting procurement professionals with a database of 1.7 million minority-, woman-, veteran- and LGBT-owned vendors. It also allows companies to



evaluate how their supplier choice impacts the economy and job creation, all the way down to their local communities. By making it easier for large corporations to contract with diverse vendors, ConnXus ultimately helps drive the expansion of minority and woman-owned companies.

PawnGuru, brings transparency to the pawn shop industry. People can set a defined geographic radius, get bids from multiple pawn shops and then select the pawn shop they want to use based on price for the item and distance. For the 30 million Americans who use pawn shops to make ends meet, PawnGuru's platform allows them to quickly comparison shop without having to physically visit multiple locations. For those living on the margins, who can't afford to visit several shops, the ability to receive competing offers can translate into the difference between keeping the lights on or not.

Are successful people of color investing back in the community?

Black people in this century do not have the inherited wealth that whites have, which makes it difficult for them to invest—and, when they do, they tend to take fewer financial risks. However, we're definitely starting to see more and more black and brown angel investors. Mayvenn benefitted from investments from Serena Williams and Steve Stoute. It is exciting to see these individuals writing checks, but if we want to really create individual and community wealth for black and brown communities, entrepreneurs of color need to have access to funding beyond a small pool of black and brown angel investors. Sadly, the current entrepreneurial eco-system defines "innovation" so narrowly that it oftentimes locks out entrepreneurs who have demonstrated ingenuity and resourcefulness, but don't pattern-match with Silicon Valley's archetype of a successful founder. Because



Is there a role for impact investors to accelerate change?

of this, when entrepreneurs of color go outside of their own networks, they end up spending a great deal of time explaining themselves and navigating longer fundraising processes, and that takes them away from actually developing their businesses. If they only stick to their own networks, they risk not raising enough capital.

Impact investing has rapidly scaled and it seems like every week we're hearing of another family office, foundation, or corporation getting on board. We now know that impact investing can create impact along with market rate returns, and now that substantial amounts of capital are being allocated to impact investing, we'll really be able to see its potential to create large scale change. Obviously, I believe that it has the ability to accelerate social change and change the economic trajectory for entire communities. However, the field is still nascent and there are many discussions ahead regarding how to ensure that impact investing maximizes its potential. I just finished reading and reviewing Morgan Simon's book, *Real Impact: The New Economics of Social Change*, and it not only does an excellent job of delving into impact investing's promise, but provides a concrete framework and detailed discussion for how to make good on that promise. It's up to all of us to carry that promise out.

How has the new administration changed your thinking or your priorities and/or strategies?

On the night of the election, I was in the midst of working on a thought piece about impact investing's ability to fix the economic divide and, after the results came in, had a moment where I thought I was going to have to rewrite the entire piece. My team and I had some intense soul searching conversations over the next few days: Was impact investing the best way to help the communities that were going to potentially be hurt by the new



administration's policies? Was it even relevant anymore? After churning over everything we stood for, we realized that the realities of the new administration only reinforced our belief in impact investing's promise and necessity. As I wrote in the piece I was working on at the time, my ancestors survived slavery, my grandparents survived Jim Crow and my parents survived the violent resistance to the Civil Rights movement. The black community endured by innovating and building systems around the system that was oppressing them—and, now it's time for the wider community to do the same. I truly believe that impact investing is a system that has the power to withstand oppression and expand opportunity. So, no, the new administration hasn't changed our thinking when it comes to our priorities or strategies—it's just reinvigorated us when it comes to working toward those priorities.

Why is this a personal journey for you?

I've had the benefit of experiencing life from both sides of the economic divide. I am the child of an illiterate pig farmer in the deep south, but grew up in the wealthy suburb of Orange County, CA (the result of divorce and Section 8 housing), and, eventually, ended up working on Wall Street. I benefitted from programs and people who recognized my potential and helped provide opportunities that would keep me from encountering the obstacles that have kept so many economically disadvantaged people from fulfilling their own potential—and I believe that everyone should have that chance, not just the lucky few. I left Wall Street because I couldn't justify gaining personal wealth and success at the expense of communities like the ones my family and I came from. With Impact America Fund, our success is tied to positive impact.



What makes you wake up each day and take on the world?

There are days when I wake up and I'm like, "Why do we have to do this work? Why do these problems still exist?!" And, yet, here we are at this horrible, yet exhilarating moment in history where we have no choice but to finish the economic justice work that Dr. Martin Luther King, Jr. began. I feel that we're at a really important civil rights crossroad. While the nation feels oppressively polarized, it's been incredibly heartening to see just how many people are recognizing the legacy of past historical injustices and not only boldly speaking out about them, but making a commitment to stop them from repeating. I feel grateful that all of my training, work, and even the traumatic events in my past have prepared me to take on a leadership role in the work ahead. I feel as if I was dealt the hand I was, so that I can be most effective at making sure that others have a chance at a better hand.