

[00:00:00.000] - Speaker 1

Welcome to Investment Committees of the Future in Conversation.

[00:00:10.840] - Speaker 2

In this series, we speak to leaders and change makers about their experience of Good Finance's Investment Committees of the Future programme. Investment Committees of the Future is a programme that seeks to lift the lid on investment committees and emphasise the value of lived experience in decision making positions. In this episode, I'm joined by Melanie Mills, who's the Head of Social Sector Engagement at Better Society Capital. Having worked with Mel for the last couple of years, I can safely say that she is a force to be reckoned with and is incredibly passionate about the social sector. It was partly through Mel's own experience that the idea for Investment Committees of the Future was conceived, and she was really instrumental in pushing this piece of work forward. So I'm really interested to speak to her today and hear a little bit about her reflections of the programme so far. Hi, Mel. Welcome to Investment Committees of the Future in Conversation. Lovely to have you here chatting with me today. Just to kick off, can you tell us a little bit about your role and the work that you do at Better Society Capital?

[00:01:10.920] - Speaker 1

Yes, of course. Thanks for inviting me along today, Olivia. As you said, my name is Mel, and I'm Head of Social Sector Engagement at Better Society Capital. And that really involves helping social enterprises and charities to understand more about when social investment might be a tool that they can use to help them create, sustain, or grow the impact that they want to see.

[00:01:37.190] - Speaker 2

I think it's fair to say, Mel, that you are a huge driver behind a lot of the tools, resources, programmes, and things that we do at Good Finance. When it came to investment committees of the future, that was no different. But I'd love to hear from you what really sparked the idea for this programme.

[00:01:54.850] - Speaker 1

Yes, of course. You talked about eLearning programmes. Perhaps I should just give a little a little bit of context there. So we are particularly focused on how we can reach as many social enterprises, charities, and community businesses with this information. And eLearning programmes were developed as a response to. We often do a lot of in-person talks, training, education. We'd be invited along to events. But you very quickly realise that's perhaps not the most sustainable or accessible way to provide information. So eLearning programmes in many ways was our response so that we could ensure that there was high-quality information without jargon, designed with and for social enterprises and charities, but probably most importantly, because we know capacity is a real challenge for anybody running their own organisation, that this meant that they could access the information at a time that was right for them, and they could flex it around all the other things that were happening. So we've done that with a number of different topics. But the idea to create investment committees of the future came from two places, really. One, post the pandemic, there was an even greater focus on the inequity that exists in terms of access to finance and the barriers for certain leaders and communities, but particularly around the imbalance in decision making.

[00:03:27.850] - Speaker 1

So who holds the power in investment committees? Actually finding the route to be able to get on to an investment committee was one of the key drivers for the creation of this programme. The second point, I would be really honest and transparent enough to say, came from my own personal lived experience, where even though I'm very privileged to hold the position that I do at Better Society Capital, in the very early days, I was asked to create a shortlist of people that might sit on a new investment, fund fund committee that was being created. And I remember taking those along to my line manager at the time, and she asked me why I hadn't put myself on that list. Actually, it was because I was worried that I didn't really have the right skills or the right insight or expertise to be part of that decision making. And something we've heard a lot from entrepreneurs is they also suffer from what we call imposter syndrome. And the creation of the Investment Committee to the Future eLearning was designed to try and tackle both of those issues. So help people have the confidence to get involved by providing a structured route to training and then also try and address some of the

power imbalance that exists across investment committees currently.

[00:04:45.510] - Speaker 2

Thanks, Mel. Just to pick up on your point about the lack of diversity on investment committees, because this is something we hear time and time again, that there is a real lack of lived experience in decision making positions. What do you think has been a real barrier to this?

[00:05:00.120] - Speaker 1

I think it's a range of things, Olivia. So from individuals, as I say, confidence and understanding that they do have something to offer. I think there's also some inherent history where perhaps there is a concern that learned experience, so financial expertise and progress is more important somehow than learned, so then lived experience. And also the fact that we have not been good at making sure that we advertise vacancies to the widest potential audience of people to take up these positions. So I think all of those contribute to hindering diversity. Some of that's about accessibility, some of it's about confidence, and some of it's about locked in norms around what skills you need to be part of an investment committee.

[00:06:10.520] - Speaker 2

Why do you think that investment committees of the future is important in addressing some of these issues, and how do you think that it does this?

[00:06:17.800] - Speaker 1

So the programme is important in addressing some of these issues because it helps to, I suppose, debunk, to demystify, and to really get behind what happens in an investment committee. It is one of the challenges, and again, one of the main reasons we look to develop this programme is because unless you actually sit on an investment committee, you might actually have no idea what goes on. There's an awful lot of commercial sensitivity. Usually, it's very restricted. It's a closed audience. So it's often something that happens, but you might not know how it works, what a paper looks like, how the discussion goes, who plays what role. And therefore, the programme has been really important in, I suppose, giving access to individuals who might not otherwise have had the ability to have the understanding of what goes on, usually in a closed environment.

[00:07:22.400] - Speaker 2

Thanks, Mel. And you've talked about how Investment Committees of the future is really unpicking what investment committees do and hopefully sharing that knowledge of how they work. But just on the flip side, looking at it from a slightly different perspective, what is it you think that investment committees should be doing to create a much more accessible space and really creating a space for people with lived experience to be able to join committees and sit in decision making positions?

[00:07:49.350] - Speaker 1

It's a really good question, Olivia, particularly around something that people who've been on the programme say to us is the role that investment committees themselves play is so important because it's not just about opening up the space, it's about what you get into the space. So the key steps towards including people with lived experience in that decision-making process definitely sits with both the organisation that the investment committee plays a part for and the investment committee itself. This is where the role of the chair is fundamental. So ensuring that new investment committee members feel welcome, feel supported, feel that their lived experience is valued, where they don't feel obliged to be part of groupthink and just fit in. That's the whole point of bringing a different perspective. It's ensuring that everybody who sits on an investment committee is equally committed to diversity of thought and again has the opportunity to just support new colleagues. I can, from my own experience, say that whilst I felt some level of trepidation at the unknown, I felt very well supported by the chair and the investment committee that I sat on my very first experience, and very quickly found my stride, and I have gone on to do it again the second time.

[00:09:24.530] - Speaker 1

But I suppose we can't take for granted that just by providing education or just by advertising a position or just by being appointed, that will be enough to change the power dynamic. And so there is

still quite a lot of work for investment committees themselves, the people who sit there, and also the organisation to whom they are playing a part in the decision making to feel equally accountable for opening up this space.

[00:09:56.070] - Speaker 2

Why do you think this is so important?

[00:09:59.350] - Speaker 1

The importance in terms of increased diversity on investment committees has to be a positive step if we are going to get closer to what I can probably share as a fairly combined aspiration or impact for all social impact investors, which is about creating a fairer, more equitable society. For each investment fund, whether it is focused on a place, so geography, on a particular social issue or outcome, such as just transition. In order to be able to achieve our ambitions of creating change, we need to come at it with an informed perspective. And so an informed perspective, as well as looking at risk and cash flow forecasts and all of the numbers stack up, it's equally important that we understand the lived experience of somebody who's run an organisation, somebody who's worked in that a field and somebody who can bring insight from a social enterprise, a charity, a community business to that decision-making process. I'm probably going to go back here and just quote a social entrepreneur who gave evidence at the Adabuale Commission on Social Investment. And she challenged us and said, I'm going to paraphrase here, because I can't remember it word for word, but Essentially, her belief is that on boards or investment committees of social impact investors, there was probably very little balance of social entrepreneurs who had actually done the job of running a social enterprise.

[00:11:43.340] - Speaker 1

I think it's really important that we can bring that expertise to the table. And again, in my own lived experience, there are times that I'm using my nine years at Better Society Capital and the knowledge that lots of social entrepreneurs have shared with me. But there's also the time when I run my own social enterprise, and even when I was a retailer, actually back in my long and distant career, where I've been able to bring some of that insight and perspective to the business models and to the papers that have come before us.

[00:12:18.450] - Speaker 2

And Mel, you told us earlier that the idea for this eLearning programme came partly from your own lift experience. And I was wondering if you could tell us a little bit more about how your first role in an investment community you're thinking about?

[00:12:31.940] - Speaker 1

So I think it's really important for people to share with a peer network, and that's one of the things that we've built into investment committees of the future, their own experience of being on an investment committee. And so my very first experience, when I definitely had imposter syndrome, and with the exception of being able to sit in in my own organization's investment Committees as an observer, and I suppose that's very different because we're a wholesaler. I think I went along to my first Investment Committee, having really studied the papers, and I think I probably set aside extra time that was probably needed to really ensure that I was familiar. There were a few things actually in the paper that I wasn't completely confident and sure about. And you then have that piece about, oh, do I ask someone or does that make me look like I'm perhaps not qualified for this role? And I think once I got to my first investment committee, I realised very quickly that an investment committee is the sum of its parts, and its individual plays an important role. And I was very fortunate that I worked alongside a couple of internal members that were part of that investment organisation.

[00:13:51.450] - Speaker 1

And I also had another independent member. That independent member had been chief executive of a large social investor themselves, So I could absolutely rely on them and got really comfortable and familiar with saying, Can I just ask you a question about this? Can you talk to me about the carry that's in here or this cash flow forecast or the multiplier that's in here? And if I had really technical questions, I definitely felt I could lean on his expertise. I also felt reassured if there was something

that I wasn't scrutinising in the same way, that he would bring that. But And I also realised, and I didn't necessarily have this sense at the beginning, that I brought different things. So I remember having a paper that was about a retail, an outlet, and asking about what the break clause was in the contract, in the redevelopment that was being proposed for this area, what would be our exit strategy for the potential investee if, for instance, the shop units it were vacated? What was the length of lease left on those things? So there I was bringing some insight and knowledge from my previous career. And then in other times, we were talking about somewhere I knew really well in terms of geography, it's probably not a surprise for many people listening to my dulcet terms that I'm a Midlander.

[00:15:21.700] - Speaker 1

So sometimes we might be talking about what the dynamics were between two different places or anything that I knew about how perhaps the local authority or local organisations work together. So it is very much about understanding where your expertise, your lived experience, your skills can play a part. And that would definitely be something I really like to emphasise. So anybody that's worried, it takes a little bit of time and a little bit of... To be brave, but I am confident anybody that's appointed can value the decision making.

[00:16:02.500] - Speaker 2

Thanks, Mel. And I think it's really evident that you bring so much of your own learning and your own experience into the delivery of the investment committees of the future programme. But I was wondering, what has been your biggest learning from the programme? And has there been anything in particular that surprised you?

[00:16:19.290] - Speaker 1

There are lots of things that surprised me. So I think when you are learning from the delivery of a programme, you obviously start with what you're hoping to achieve. And for anybody that isn't aware, when at Good Finance, we are delivering new eLearning programmes, we always start with the user front and centre. So everything we do is informed by our users. So this programme was focused and is focused on bringing learned experience to decision making as I've chatted about. But it's really tested some of my assumptions assumptions, assumptions such as people who are already working investment must there be for be confident enough or have the opportunity to join investment committees. I think I really actually challenge myself. I no longer feel that that's the case, and that actually, even if you work in investments yourself, and perhaps you're somebody who is in the deal team presenting papers, that doesn't automatically mean that you feel that you haven't also got challenges or barriers to being applied that knowledge in in a different way. I've also realised there's a lot of people who work in perhaps more mainstream investment, who I heard somebody refer to this recently as being on the dark side.

[00:17:41.940] - Speaker 1

I'm not quite sure I agree with that. But if we think that social impact investment is the light side in terms of wanting to bring about positive change rather than just doing no harm, then there are a lot of people who are driven by social or environmental who want to come and work in social impact investing. And this is a key way for them to understand what the dynamics are. And are they different? Are they different to what they see in their day job? And then the final piece would be around everybody suffers from imposter syndrome. Through investment committees of the programme, I have engaged with people who are professional service providers, lawyers, solicitors, accountants, people who run really large trusts and foundations, and they're in no different place. They're questioning, do I have the skills and expertise to add value to an investment committee? And this programme, I think, actually does a much wider job than probably we intended. It's, what do you call it? It's a serendipitous outcome, not necessarily one we intended, but definitely one we're embracing.

[00:18:55.620] - Speaker 2

Absolutely. And at Good Finance, we talk a lot about our BHAGs, our big hairy audacious goals. And I'd love to hear from you, Mel, what do you see those BHAGs, those goals being, if you look to the future of the investment committees of the future programme, what does good look like to you?

[00:19:15.390] - Speaker 1

It's such a great question, and I really love a Big Hairy Audacious goal. I think that success for this programme, we need to be ambitious. And I think I would say that I have three quite ambitious goals for the future. One is that every investment committee will advertise every role that they have And then it become open, transparent, and we will see these... Our research for this programme showed less than half were ever advertised, so they tended to just circulate around a quite small, closed privileged group of people. So number one, every IC will advertise any roles or vacancies they have. Number two would be that every investment committee really values the experience that lived insight can bring to their decision making. And as a consequence, we'll embrace that. And we'll not see this as a tokenistic. Now, yes, we need to have one person that joins our committee that does that, but we'll really embrace and see the value in having different perspectives to make informed decisions. And then thirdly, I suppose this goes even further, and that it won't just be that one token representative and that decision making on investment committees will be equitable, and we will have a balance that sits between both learned and lived experience, and they will be equally valuable.

[00:21:01.040] - Speaker 1

And I truly believe that we will get better, more informed, more aligned, more impactful decision making as a result of those three things. Those are my three big hairy audacious goals, probably really important to say that we're not going to achieve this on our own. Good finance with all of its education and reach, better society capital as a wholesaler. We will need every fund manager, every intermediary. We will need trusts and foundations who are thinking about doing this, whether in grants or in social impact investment, to commit to this. But we'll definitely keep beating the drum. I'd love to come back and talk about how far our progress is, maybe in a couple of years.

[00:21:49.060] - Speaker 2

Thanks, Mel. I just have one final question, and that is, what is the one piece of advice that you would give to somebody who wants to join an investment committee and is really interested in being part of that decision making process.

[00:22:02.920] - Speaker 1

Be brave, be confident, and don't worry about imposter syndrome. Everybody feels it to some extent, but you truly have something to add. And without your voice, we won't create the change we all want to see. So go for it.

[00:22:19.630] - Speaker 2

Thanks so much, Mel. It was great to have you on the podcast today, and thank you so much for joining us.

[00:22:25.440] - Speaker 1

Thanks, Olivia. I've enjoyed it.

[00:22:33.230] - Speaker 2

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