

[00:00:02.11] - Speaker 1

Welcome to Investment Committees of the Future in Conversations.

In this series, we speak to leaders and change makers about their experience of Good Finances 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 speak with Matt Smith, Chief Executive of Key Fund. With over 20 years experience in the social investment space, Matt has worked with numerous funds organisations and government departments to develop funds and programmes to support community and social enterprises. Matt is a member of the Investment Committees of the Future Peer Network, a network of investment committee members that supports learners through their Investment Committees of the Future journey. It's really great to be speaking with him today.

Hi, Matt, and welcome to Investment Commission for the Future in Conversation. Thank you so much for joining me today. I would love to kick off just by hearing a little bit more about you and the work that you do at Key Fund.

[00:01:11.11] - Speaker 2

Well, thank you for inviting me. Not the best thing. It's good to see you and nice to be involved. So my name is Matt Smith and I'm Chief Executive at Key fund. Key fund is a social enterprise investing in other social enterprises with a focus on the North in all the midlands of England.

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And you're part of the Investment Committees of the Future Peer Network. And for anyone who isn't familiar with this, this is essentially a network of investment committee members who give some of their time, whether it's to join in panel sessions or having one-to-one conversations with learners on the Investment Committees of the Future programme. And it's really great to have you as part of that network. But I was wondering if you can tell us a little bit more about your experience of investment committees and how you came to join an investment committee.

[00:01:59.26] - Speaker 2

How I joined in it? Well, it's a long story. So I've been at Key Fund for 22 years. I've been around investment committees for all of that time. It was my first experience when I came to Key Fund. I'd never seen or experienced anything like it whatsoever. And I've been involved with other ones subsequently, but it goes back a long way. I struggled to remember what the first ones really felt like. I think I've got a sense of what they were like. So I think early on they felt

really intimidating to me. I think when you haven't... I was very young; I hadn't had any role that had anything like that within. And also it wasn't something that was familiar to me from a previous life experience. So, it wasn't something that my parents had done. It wasn't something that anyone in my family had done. It was just a very different, I guess, experience to anything within my framework of what I see seen and heard in life. I do remember feeling really intimidated. I do remember feeling like everyone else in the room knew what was going on, and I was the one that didn't. It took a long, long time actually to leave that behind. I guess even when moving away from Key Fund investment committees, when I sat on other investment committees for a long time as well, it also felt like, okay, everyone else in this room must be a financial expert or a whiz at this stuff. I'm this person that doesn't know a great deal about anything at all. And what am I doing here? I found it really intimidating. I don't think anyone in those committees wanted that to feel that way. I think there would be a great deal of effort for it not to feel that way. It was mainly the baggage that I was carrying myself, what was going on in my own head rather than the reality of what was happening in the room. My opinions and my input was seen very much valued, but it was internal barriers, if you like, rather than anything within the room.

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How did you work past those internal barriers, and was there anything that the investment committee did to support that?

[00:04:54.11] - Speaker 2

So, I guess familiarity, just being there and realising that actually people were agreeing and people actually been encouraging. One of the people that I learned a great deal from was the previous chair of Key Fund so, Hugh Rollo, who had been around for a long time, even longer than I have, and was incredibly supportive and was very mindful of the role of encouraging the investment managers at Key Fund to feel like they were really active in the decision making and in, I guess, framing the thinking of the investment committee. I think that helped a lot. I think that one of the things was that the mix that we tried to strike was helpful. The room wasn't full of finance professionals, which I keep saying I'm not. I've been doing this for 22 years. I guess, when do you become something? But I didn't have that background. So, my fear was around my experience, knowledge of the financial analysis. So, I think having a good mix within the room with people with broad experience, including social entrepreneurs, was really helpful because they too were asking the questions that I would have been asking. So, it was helpful to me to have that support and feeling that I wasn't the only one that wasn't a complete financial expert, an analysis expert.

So that helped. And I guess being exposed to other investment committees or panels because I got to see how different ones worked as well. And I think that it's something that, unfortunately, we don't do enough of. Spending time at other investment committees, learning from each other. We tried to be quite open at Key Fund. And there's always, there's normally two people, at least from other organisations in ours, but I don't think we do enough of that to try and help develop people.

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I suppose it's like anything, having exposure to it really helps to build your confidence. But also it sounds like having somebody who could help and advise was really instrumental to helping you feel more confident. I know, Matt, that you very much played that role with supporting learners through the peer network of investment committees of the future. I wondered if you could tell us why you joined this network and why it was important for you to do so.

[00:07:52.16] - Speaker 2

I think because of my own experience, because of my own background, it feels like the sector is changing, and rightly so, I think there's certainly a lot of the people that I looked up to and helped me in my early career have moved to retirement now and have left the sector largely. And I benefited so much from their input and their generosity in helping me to grow. I joined Key Fund at 23. I was very young. It changed roles within the organisation and was fairly young as I entered each role. So I think without that support, I certainly wouldn't be where I am today. And so I think part of it is almost paying that forward in a in a funny way. So there's that passing of the guard, I think. I'm now one of the older ones, which horrifies me, obviously. But I was one of the younger ones, so I remember how it felt.

[00:09:18.13] - Speaker 1

You spoke, Matt, about coming into Key Fund as an organisation without having that financial background and financial experience, but you still had lived experience that you could apply into role that you went into. And we talk a lot in this programme about the value of lived experience. But just when it comes in practical terms, how do you think that translates? What is the value of lived experience on investment committees and why is it so crucial that we get a balance of both lived and learned experience.

[00:09:48.22] - Speaker 2

If we're serious about reaching communities where perhaps traditionally there hasn't been access to social investment, then we have to do more and we have to be able to support people

to become part of our organisations that will make us better. I honestly believe that. I believe that my experience of where I grew up and my life and my friend's lives helped me when I was working on propositions, perhaps where organisations were working in really difficult circumstances in very disadvantaged areas with really marginal business models. So appreciating the actually, the amazing things that were being achieved, even though it was very marginal, helped me to make better decisions. If I believe that, almost our plannings and our investment committees have to be the same. We will make better decisions if we have people with a broader range of experience. And I think the other thing is, you're going back to that point about the finance experts. I think the mix is really important. So I've always tried, since I've been Chief Exec, to keep a balance at the heart of Key Fund between impact first people and finance first people, for want of any better terms. And I think together, it's a better decision making if it's just all finance people, they're led on the finances if it's all just impact people, they're led on the impact. So I think we need to create opportunities for people from communities who work within organisations that are delivering impact to be part of this group, as well as people from marginalised communities as well.

[00:11:58.09] - Speaker 1

And how do you approach that at Key fund to ensure that you do have that balance on your investment committee?

[00:12:03.26] - Speaker 2

I mean, interestingly, two or three years ago, probably a little bit longer than that, we were slightly more skewed towards finance. We've now gone the other way slightly. So, we're trying to look at... And we try and do it investment managers, leadership, investment committee, and the board. So, it's through the organisation. Whichever side, again, for want of the best term, you bring people from, actually there's some development. So, the investment people bring great analysis skills on investment, but actually don't necessarily understand the context in which we work and the impact side. So, whenever we bring in anybody, we try and get them out to meet clients and actually see what's going on. Similarly, with people from more of a social background or impact-first background, what we try to do is spend time taking people through the papers helping them before, because I think one of the things that I'm really aware of is if somebody comes to our committee or any level of the Key Fund and they feel like it isn't something for them, that they feel there's a barrier there to them being able to participate. All we'll do is reinforce the issues that that person is trying, that it's another barrier.

So I think it's really easy to just say, okay, bring people along. We get them involved straight away. But I actually think the preparation before is really important. So we spend that time,

going through the papers, talking about why we're focusing on certain things, trying to help people, and almost coaching people through that. So, whenever we have someone join new, I'll go through the papers with them and say, what do you think the risks are? What are you? And help them to frame that thinking in a way that feels supportive to them rather than just dropping people in it. Because as I say, if you feel anxious and you go to an investment committee and you don't feel prepared, and then you don't feel you can take part in the conversation and you feel like everybody knows everything and you're not prepared, that's just going to... You're going to go, well, this isn't for me. So, it has to be supportive. I think that's a really important thing.

[00:14:57.10] - Speaker 1

I'm interested because the focus of the Investment Committees of the Future programme is very much on the learner, on helping them understand what an investment committee is, how it works, and the practical skills to, for example, read an investment committee papers. But we don't focus on the other side, which is the investment committee itself in terms of how can an investment committee create much more open, accessible space, and how can they ensure that people feel included within that and feel comfortable coming to that decision-making process. It sounds as if at Key Fund, you've done a lot of thinking around that. Is there any advice or any tips that you would give to other investment committees that are maybe thinking about how they make their investment committee more inclusive?

[00:15:45.24] - Speaker 2

I don't think we have the answer is the important thing. I think we're working on it. So, we're trying various things. So, we do have we have this open observer process where we bring people in and we say, okay, you can observe, you can get sense. We talk to people and we spend time with them. We're very open to people shadowing our investment manager. So we try and provide opportunities for people to engage with us and see what the reality is without having to make a full commitment. So it doesn't feel like... I guess if you're joining, if Instantly joining an investment committee, you feel like you probably need to say something. You need to be participating. I think allowing people to be observers gives an opportunity to... You can say, oh, I'm just observing, and you can start. I think the other thing is the myth of what people do. The investment committee is probably much more... It's much more complex than actually the reality, because most people are there. There's a really good analysis report that's been done by an investment manager. And actually, it's about some testing questions around that, maybe. But actually, you've got most of it there.

It's just about bringing some of the experience. And some of that, as I say, is actually about better solutions. So it might be the... It might actually be the impact side that's a bit that really

needs the support. And having people there that really understand who've done it, who can ask questions about, okay, they're getting this much. They're getting these results from this and they thought about this approach that I've seen with this other organisation. We can go provide really helpful feedback to the applicant and say, look, we've had this really good feedback. Have you seen this model? It might be something that's really going to help you do even more. So it's not necessarily... It isn't the thing that most people build up in their mind. It's actually gentler than that. It's not dragon's den. It's not the apprentice. It's actually a group of people that got together to try and get money into organisations that are doing amazing things. So, I think if you can break down the myth a little bit as well, that's really important. Getting that support, right? Providing that space for people to sample without committing, actually does a lot in terms of breaking down both the real and the barriers that people build up themselves.

So it's a range of things. But then, I guess not thinking that we know everything and we've got got it nailed down.

[00:18:50.02] - Speaker 1

And why is it important to bring in those different perspectives to the investment committee?

[00:18:55.19] - Speaker 2

At it's very core, I believe, that if you get too many people who think exactly the same way and have exactly the same experience, you'll get pretty bad decisions. Or at least you'll get the same decisions in the same way. And they may be right, they may be wrong, but you'll be making the same decisions every time. So, there is something around diversity of opinions that I think drives better conversations and then drives how's better decision making. So that's a top level thought about how group dynamics work and leadership and management and how you get the best decisions. So, I think that's the starting point if you were thinking about why do I think there should be diversity in the group. I think if then you layer on top on top of that what our mission is and what our vision is and what we're trying to achieve as an organisation, there's then about the understanding of the places where we're actually trying to make decisions and make change and drive things differently. And so if you have, and I keep picking on the finance first people, and they're a really important part of the mix, but I think it will be true to say that perhaps the sector widely has been dominated mainly by people with a finance first background.

That will make finance-first decisions. And I think we're in a blended space. We're trying to deliver impact and we're trying to bring the money back in and deliver financial impact as well. So, I think you have to have that blend. You bring people on board that have better understanding of those communities, of those places, of those issues. You will make better decisions. That just really, in my very core, I believe that. And I think you'll come up with better

solutions as well. And that's for the investees, not just for the fund. You'll be helping people in a more constructive way. So I think it's about making sure that there's that balance, there's that blend, that we understand actually the communities we're investing in, we're doing the right thing by them, we're providing the right support alongside the money. We're not excluding groups because we just don't understand them because we've got one view of the world. I think it's a mixture of all of those things. It's high-level practise, but it's also the practical delivery of our mission. We can't just rely on putting things through a finance lens, cookie cutter of this is what we do.

It has to be, we'll get that better debate, we'll get those better decisions, and we'll get the best support in.

[00:22:12.10] - Speaker 1

And when it comes to programmes such as Investment Committee of the future. Do you think these are important in helping to diversify investment committees?

[00:22:22.28] - Speaker 2

Absolutely. For two reasons. One, I think it's really We need it. Full stop. We need more diversity within the pool of potential investment committee members. Anything that helps that is really positive. I also think it's really helpful that it's done externally to us as investors because we're institutions, and it's easy to forget that it can be intimidating I know Keith from the inside out. I know that we're all lovely people, and all the people at Big Issue Invest and all the people at Residence I know are lovely people. But we look like institutions. We look like a group of people that operate in a certain way. So to approach us, I can imagine, is quite intimidating. But I think Good Finance has that position slightly outside that you can be a broker, if you like, and people will feel more comfortable approaching you. So, we're likely to get more potential candidates in that way. So, I think it's really, really important. And there's also the reach of Good Finance, which is bigger than ours and bigger than any of us individually. That collective reach is really important. And I think we've already started to see some of the real benefits of that.

So, people who want to come sit and observe our committee has really come through that route. Perhaps I don't think we would have had approaches from those people without it. So it's really good. Yeah, I'm a great fan. That's why I wanted to be involved.

[00:24:20.16] - Speaker 1

I think that the Peer Network is actually a really important aspect of the investment committees of the Future programme. And I know from people who've attended the panel session you were involved with, Matt, and have been supportive with conversations around investment committee papers, observing on investment committees, that that's been really valuable and has really complimented the learning that they've had on the programme. And I just wanted to ask you, what advice would you give to, whether it's your younger self, looking back 22 years, or whether it's somebody now who is really interested in sitting on an investment committee, being part of that decision making process, but isn't quite sure where to start, what advice would you share with them?

[00:24:59.28] - Speaker 1

What I would say to anyone else is, look, you will know stuff that will be really valuable. Everybody that's come along, I think, has... if you've been involved in this sector, you'll really picture some stuff that would be really valuable. Very short anecdote, I, very early in my career, I joined a... I won't say which organisation, but it's some social investor that's really active in the sector. And they invited me along to their panel. And what happened was it was a... They were looking at a proposal for a talking therapy organisation, and they were trying to... they couldn't understand the fees that were being charged in the structure. I did psychology, so that was my degree. I was taught, well, almost fully trained as a counsellor, and I was on a board for a counselling organisation. And I went along thinking, I would have nothing to say at this. And I was actually really able to give loads of input on the way that the pricing works It's just because that happened to be my experience. So, I think what I would say to most people is you will know much more than you think you know that will be valuable because you'll know loads and it will be there will be valuable stuff in there even if you don't think it is.

I guess you're the one is just it isn't scary. It is just a bunch of people who are meeting to try and work out the best way to get money into organisations. And so anyone that can help that thinking is really valuable to that group. I guess it's just a reiteration of that point that actually it won't be as intimidating, it won't be as scary as you think it is. I don't think any committee or panel I've been involved in is doing anything other than trying to do the best it can do to move that money to the right places. I'd encourage people to talk to people like myself about our experience, but also to get support if they think they need it. And I guess the other thing is that I'd also push us. If we're not getting it right, tell us and let's challenge us because I'd certainly be grateful for feedback on what we're trying to do. And I think that's the only way we'll get better if we're able to take that feedback and use it positively.

[00:27:57.20] - Speaker 1

Some great advice there. So don't be afraid of investment committees. Be afraid of investment committees, be open to asking for help or reaching out to speak to someone about them. And don't be afraid to challenge when investment committees or organisations can and should be doing better. Thank you so much, Matt. It's been really lovely to speak to you today. Thank you for joining me.

[00:28:18.16] - Speaker 2

Brilliant. Thank you.

[00:28:24.00] - Speaker 1

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