



The Economic Club of New York

113<sup>th</sup> Year  
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Jacqueline Novogratz  
Chief Executive Officer, Acumen  
New York Times Best-Selling Author

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Webinar

Moderator: Peter Coy  
Economics Editor, Bloomberg Businessweek

## Introduction

Good afternoon. This is Barbara Van Allen, President of the Club and thank you all for joining us this afternoon. We will get started in about a minute. Thank you.

## Vice Chairman Michael O'Neill

Good afternoon and welcome to the 558<sup>th</sup> meeting of The Economic Club of New York in our 113<sup>th</sup> year. I'm Mike O'Neill, Vice Chairman of the Club. The Economic Club of New York is a leading nonpartisan forum for timely discussions on economic, social and political issues facing New York, the United States and the world. As we continue to bring people together as a catalyst for the sharing of ideas, we believe our mission is as important as ever. Particularly during these challenging times, we proudly stand with all communities seeking inclusion and mutual understanding.

I'd like to take a moment to recognize those of our 312 members of the Centennial Club attending today as their contributions continue to be the financial backbone of support for the Club and help enable us to offer our diverse programming now and in the future. The Economic Club of New York Fellows Program is a customized year-long program that introduces rising executives with great promise to The Economic Club of New York. We welcome the ECNY 2020 Class of Fellows who are joining us today. A special welcome to the graduate students from the NYU Stern School of Business and the

Zicklin School of Business at Baruch College that have also joined us.

It's an honor for me now to introduce our special guest today, Miss Jacqueline Novogratz. Jacqueline is a CEO of Acumen which she founded in 2001. She founded Acumen with the idea of investing philanthropic patient capital in entrepreneurs seeking to solve the toughest issues of poverty. As the pioneer of impact investing, Acumen and its investments have brought critical services like healthcare, education and clean energy to hundreds of millions of low-income people. After supporting hundreds of entrepreneurs, Jacqueline and her team recognized character as the crucial ingredient of success. In 2020, they launched Acumen Academy to instruct others in global social change.

Under Jacqueline's leadership, Acumen also has launched several for-profit impact funds designed to invest at the intersection of poverty and climate change, and has spun off 60 Decibels, founded on the principle that serving all stakeholders is as important as enriching shareholders.

Jacqueline has been named one of the Top 100 Global Thinkers by *Foreign Policy*, one of the 25 Smartest People of the Decade by the *Daily Beast*, and one of the world's 100 Greatest Living Business Minds by *Forbes*, which also honored her with the Forbes 400 Lifetime Achievement Award for Social Entrepreneurship. In addition to her work with

Acumen, she is a sought-after speaker and sits on several philanthropic boards. She's a New York Times best-selling author of *The Blue Sweater*. Her second book, *Manifesto for a Moral Revolution: Practices to Build a Better World*, was published in May of this year.

The format today is a conversation in which we are fortunate to have Economic Club member and Economics Editor for Bloomberg Businessweek, Peter Coy, doing the honors. We will end promptly at 2:45. Any questions that were sent to the Club from members in advance were shared with Peter. And for this event, we will also take live questions toward the end of the program. As a reminder, this conversation is on the record as we do have media on the line. So, Peter, over to you.

#### Conversation with Jacqueline Novogratz

PETER COY: Thank you. And on that last point, you can enter your questions into the chat room now. We won't get to them until a little after 2:30 but whenever something arises that you want to ask about, ask now and we will sift through them and pick the ones, we'll have about ten minutes worth of questions towards the end. So I want to add just a bit to the intro of Jacqueline. She's one of seven children, over-achieving family that includes Michael, who took Fortress Investment Group public and is a cryptocurrency investor, Robert, a designer who was profiled on Bravo, and John, a

senior managing partner at Millennium Partners. She's also a frequent speaker at TED, which her husband owns actually, although that's not why she gets invited to speak at TED. She has an MBA from Stanford and BA in Econ and International Relations from the University of Virginia. And I'm honored to have a chance to be her interlocutor today.

We don't have a lot of time, but we have a lot to cover so we'll try to be quick here and see how much we can get through. Because of the special audience you're addressing today, Jacqueline, I thought I would ask you a little bit about your history on Wall Street. You worked in Credit Audit for Chase Manhattan Bank I believe, and you traveled through a lot of the world, Chile, Peru, Singapore, Argentina. Tell us a little bit about that experience, what you learned from it, pluses and minuses, and then ultimately why you decided to leave.

JACQUELINE NOVOGRATZ: Thanks Peter and thanks to the Economic Club. It's great to be here. So, pretty much anybody who is around my age or probably older – I came on to Wall Street in the early 1980s – had a similar experience of going through the credit training program, which was a 10-month, essentially boot camp, which I actually loved. I had been a liberal arts major, foreign affairs and international relations, and had not really used a calculator. I hit Wall Street and suddenly I was doing these enormous analyses of companies like Mack Truck with all its many subsidiaries. And I found that I

loved the tools of banking. I loved to see how money and budgets told narratives, stories. And then the bank took us to 40 countries over the course of three years, essentially to analyze the political and credit worthiness of their different portfolios during a financial crisis. So it was an extraordinary education.

PETER COY: Yes, and what made you eventually pick up and leave? You went to initially, to Rwanda, I believe, and started a micro-credit operation there. What caused that to happen? Tell me about that transition.

JACQUELINE NOVOGRATZ: So I was always very adventurous. I had never been in the developing world and had heard about the developing world more in terms of poverty and when I landed in Brazil, I saw life and livelihood and possibility. And so it struck me during the middle of this financial crisis that low-income people were pretty much excluded from the doors of the bank and yet they had so much to offer. And that was the beginning, that sense of curiosity following that thread, long story, led me to Rwanda, a country I couldn't have found on a map to start the nation's first micro-finance bank and see if we could take the principles of banking to the poor.

PETER COY: Yes, and that was 1986. Then in 2001, you started Acumen. And tell us a bit about the business model of Acumen, where your money comes from, where it goes, your standards for making decisions.

JACQUELINE NOVOGRATZ: Yes, I'd seen the power of enterprise with banking. In development, I'd seen how top-down aid to often credit dependency. And Acumen was essentially trying to split through the two and focus on what it actually takes for us to live dignified lives. How best can you solve problems of poverty, like water, healthcare, energy, etc. for people who make \$2 or \$3 a day, who live in markets where both markets and governments have failed them, where there's no infrastructure, where there's an abundance of corruption and bureaucracy. And so the model understood the power of investing but also that business as usual wasn't going to work to solve these problems.

And so we started with the big idea of patient capital. Capital is capital. And so therefore we would raise philanthropy. Rather than give it away, we would invest patiently for ten to fifteen years. We would accompany those entrepreneurs with what I call our social capital, our networks, our connections. We would measure what matters. Any money that came back to Acumen would be reinvested in other innovations for the poor.

PETER COY: So I could go much deeper into that, but you helped start the field of impact investing. And there are impact funds today that maybe tilt a little bit towards emphasizing the money-making aspect with the idea that the money that does come back will be reinvested. I get the feeling that you don't feel it's absolutely necessary for each of these to make money. If it can happen, it's good, but it's not, to you, essential.

Talk about that.

JACQUELINE NOVOGRATZ: Well, we would never go into an investment without thinking it had a road to profitability. And, in fact, in some of our companies we see real opportunities there. What drives us, and it's a mantra for Acumen, is the idea of investment as a means, not an end. And so we are looking to build profitable companies over the long term, and I think it's that long-term time horizon that really differentiates us, for the poor. And I think that's the second piece that really, that differentiates us. And we look at our success based on, yes, will we get the capital back so that we can reinvest it, but also based on the non-pecuniary rewards of how many jobs have we created? How much money have we leveraged in our, we leverage \$6 for every \$1 we invest in terms of co-investing that we bring in. How are we changing the quality of life?

And in some cases, like off-grid electricity, have we actually created an ecosystem that had never existed before? And in that case, through one company reaching 100 million customers, but launching an off-grid electricity industry that now accounts for almost 400,000 jobs. And so the metrics that we use as a non-profit, yes, are different, but the rigor and the discipline, because success is also can we hand these off into more, off to more traditional commercial investors, requires that same kind of rigor and eye toward long-term financial prosperity as well.



PETER COY: So a traditional profit-making company has a fairly clear metric as to how much money can I make, return on investment, or IRR, or EVA, something like that whereas you have like multiple objectives. So there must be times when it's a little hard, like well this one, I think, can make more money, this one will save more lives. How do you balance these competing objectives when you make those tough decisions about which companies you will put money into?

JACQUELINE NOVOGRATZ: Well, first and foremost, we are looking at those entrepreneurs that are trying to solve problems of poverty. Anyone who invests in the early stage venture knows that entrepreneurs are very optimistic in the way they think they will grow and make money.

And so for us it's do we think this entrepreneur has a business plan that we believe in? Do we think they have the character to actually build a profitable company over the long term? And then we'll often have predictions because it is incredibly hard to guess at that early stage, and I'm talking Ethiopia where there are no chickens really in the country and you've got two kids, or young men, in their mid-20s who are trying to disrupt and build an entire new chicken industry, you're hoping for profitability.

It turns out to be another great story, not without failures, not without a lot of support but EthioChicken now, it's a \$50 million company that serves about 20 million smallholder

farmers across Ethiopia and has been credited for reducing child malnutrition by 11%. But we definitely didn't choose that company because we thought it was going to be so wildly profitable. As it turned out, it has done incredibly well financially.

PETER COY: That's fantastic. So Mike O'Neill mentioned in his intro that you also have more traditionally profit-making companies that have spun off. Can you talk about how that came about and what the reason for it was?

JACQUELINE NOVOGRATZ: Yes, and you said it at the beginning really that our patient capital model was to go in, we're often the first investor, and so we're really accompanying these entrepreneurs as they try to go into frontier markets with frontier ideas. And you can make, in the United States even a \$250,000 investment. As those companies grow, our early assumption, now you're going back 20, 15 years ago, was that this rising impact investing field would want to come in and take the companies to the next level.

The truth is, particularly in the developing world – it's a bit different in the United States – particularly in the developing world, the capital markets are so undeveloped. The risk is so high. FX is so complex that there wasn't a big pool of impact investors waiting to pounce on our companies. And so we said, alright, we'll also build a set of early growth funds to help build, take the companies to the next level.

And the company I mentioned, d.light , it started with a \$200,000 investment from Acumen in 2007. Over the next 12 years, we invested another \$5-\$6 million of our philanthropic patient capital and then we were able to be part of a \$50 million round with KawiSafi, which is a for-profit off-grid energy fund structure. And that's really been able to accelerate its growth to where it is today.

PETER COY: So you talk about building capacity, talk about your trust, I mean your fellows program. ECNY has a fellows program. You have a fellows program. What is the purpose of it? And tell us about your new university too.

JACQUELINE NOVOGRATZ: Thanks Peter. Along the way, and people will often say, you know, how do you choose the companies, etc., one of the great lessons of Acumen has been that when you are betting on entrepreneurs and companies that are trying to disrupt entire systems, not simply build small businesses that are profitable, there's one single differentiating characteristic, and that is character.

We need to invest in those entrepreneurs that not only are willing to go the distance and fight for change for ten, fifteen, twenty years, but they've got to have that combination of vision as well as the capability to build a team around them, take on a status quo that doesn't want to change, listen to people across lines of difference who – in many cases, when they're poor, no one has ever listened to before. So they have very little trust of

you as the businessperson coming in.

And so we're now much more focused on building that character and essentially building a pipeline of leaders within the countries in which we operate as they start to build their companies so that longer term, we will be investing even more in those companies knowing that we're marrying these entrepreneurs for such a long time. And then there was such a hunger for the programs that we were operating that we built an online university and now have had about a million sign-ups around the world.

PETER COY: A million, that's a lot.

JACQUELINE NOVOGRATZ: You know, we know that our systems aren't working. We don't know how to build them. And I believe that there's a new generation that doesn't just want to do good, they want to work on the hardest problems of our time. And so Acumen Academy is starting to build a series of courses, fellowship programs, where those kinds of individuals can find the tools, the skills, the cohorts they need to make change.

PETER COY: Fantastic. You wrote *The Blue Sweater*, which is a New York Times bestseller. Now you have a new book, *Manifesto for a Moral Revolution*. What did you say in the new book that you didn't say in the old one?

JACQUELINE NOVOGRATZ: I'd say that the new book was written by probably a harder-edged, more wizened older woman than the old book in that when I started off 35 years ago doing this work, there was such a sense of upside. I didn't quite understand what it actually took to create change – not only the suite of skills that you're taught in business school, but all the skills that you are not taught in business school. And so it's a lot about character. It's a lot about the hard truths and the realities of what it means to work in sectors that sound so, you know, they're critical.

And some people will look at it as this is where charity belongs – water, healthcare, housing – but the truth is they're also the most corrupt, dirty, ossified markets on the planet. And so to go in at the bottom-up, underneath the radar with entrepreneurs that are trying to create systems where the poor can make choice, where the poor can find affordable, accessible goods and services that they value, not the charities, not the money lenders, not what are called the diesel mafias or all the different mafias that really dominate markets for the poor, it's hard. It is not for the faint of heart.

And so while *Manifesto for a Moral Revolution* sounds like a more idealistic title, it is filled with the hard truths and the on-ground realities of what it actually takes to navigate systems, partner with those you might consider your adversaries, hold different value systems in tension, which you, as a journalist know, we're not doing a very good job of right now – not in the corporate world, not in government, not in the civil society. But if

we are going to solve our biggest problems in ways that truly include those who have been excluded, and there's never been a time like today to show how much, where we failed, we need a new set of skills and tools and a moral compass that can help us navigate these different systems. Not from a place of righteousness, but a place of, a place of a new morality that dares to put ourselves in each other's shoes and build from the perspective of those who haven't had access.

PETER COY: That's nicely put. I worry, I told somebody I was talking to you and he said, shouldn't government be fixing a lot of these problems? Why does the philanthropic community and VCs have to come in and try to repair problems that are created by government corruption and autocracy? You must come across that every day. How do you deal with it? Isn't it frustrating?

JACQUELINE NOVOGRATZ: I mean more frustrating to me, quite frankly, is the inertia of all of us, of all our systems, whether it's government, whether it's venture, whether it's the charitable sector when we can solve these problems. What's been so exciting to me over the last 20 years and what really gives me a sense of hope, Peter, is that when you bet on the right individuals, they realize that to solve our problems where there have been these lacuna, they need all three.

I think of, there's a great Covid example, a guy named Sam Polk – also started out on

Wall Street – when he started to understand the idea of food deserts, in other words, the urban centers that have no real affordable, nutritious food that is available at affordable prices for low-income people, he started a non-profit and thought that was the answer. Because first he was like, well, why isn't government making this happen? I could give you the whole litany of why. But then he started a non-profit and thought, well, this is wonderful but it's not actually getting people food, not in any way that's full scale.

So he started a for-profit, affordable, nutritious fast food restaurant. It was so valued in Compton, in Southern LA, that the restaurant grew into a chain of eight very quickly. The first day of lockdown, Sam being the kind of character that we would invest in, went back to his mission. But he didn't start this so that he could make money selling, you know, vegetarian hamburgers, he started this so he could solve problems of healthy and affordable food.

And so he literally put a tweet out on social media saying if you need food, let us know, we'll get it to you. If you can't afford it, let us know anyway, we'll get it to you. And if you're willing to pay it forward, here's a link. And within the first couple of weeks they delivered almost 200,000 meals. Government saw that, Gavin Newsom made a partnership between homeless organizations and a hotel chain. They partnered with Everytable so that they would become their provider and then other organizations

across the city began to partner with them.

So suddenly this private sector, in-place restaurant chain, grew to a delivery system working with government, philanthropy, and the private sector. And now over the last five months, it has delivered over three million meals to low-income people across Los Angeles. It has multiplied the number of jobs. I think it increased sales by an enormous margin. And it's showing, I think, a new model for how we actually deal with food deserts in ways that people in the cities actually value.

PETER COY: So I'm really glad you brought up a U.S. example. You started out, I believe, mostly in Africa and expanded around the developing world, but you also – as you said – have an operation in the U.S. So tell me about how that works. We tend to think of how developing countries could learn from the developed world, you know, how to do things right. But are there examples that work in the other direction where the U.S. can learn from experiences in Africa and Asia and so on?

JACQUELINE NOVOGRATZ: I really appreciate, Peter, that you asked that question. So many examples, and this is such a moment for that, a new humility actually, that there is so much that we can learn. You know building a company in Eastern Africa requires an understanding of anti-fragility measures, whether you're fighting climate change or you're working in highly coercive environments where you don't have as



much control over your company because you can't count on government in ways that Americans so often see as accepted.

And so some of our best entrepreneurs in the United States actually cut their teeth, their entrepreneurial teeth in East Africa. A woman in Bozeman, Montana started a company called MyVillage after she had helped build one of the really early off-grid solar companies. And really brought the idea of not just a franchise approach to daycare, in-home daycare, but also the idea that she had to build a community of people, not just a franchise model, that you had to accompany people like people are accompanied in the developing world where they would walk with each other essentially and make sure that each of their small business people that were having six to twelve kids in their homes as daycare had the tools and the skills that they needed, had a support system in place. Not like too many of our broken systems, both in the charity sector and in the private sector in the U.S. for daycare.

And so they grew to about 127 daycare centers before Covid, thought they would have to shut down during Covid. Again pivoted the model, I think they've only shut down three since then. And they are now, Erica Mackey is now in conversation with policymakers in Montana and Colorado because this is a huge issue for the United States.

So, again, learning from the developing world, anti-fragility measures, bringing it to the United States in such a way as to develop a private sector model that if it worked more effectively with government could really be scaled and taken across the country. And that's what excites me.

PETER COY: The phrase anti-fragile, you might owe that to Nassim Nicholas Taleb who wrote a book of that title.

JACQUELINE NOVOGRATZ: I definitely owe it to him.

PETER COY: Tell us more how you use that phrase, what it means to you.

JACQUELINE NOVOGRATZ: Essentially what it means to me is being ready for whatever is going to happen because in our line of business whatever you think might happen, it will happen just ten times worse than you thought it would. And so to build into your systems, not only backup and in many of the places in which we operate, backup is not just about electricity and generators, but we work in post-conflict areas where there's still extraordinary levels of violence. So is the community a way of providing a sense of security to one another as well?

Some of our companies in India employ people from the lowest members of the Dalit

cast. And so they've had their factories burned down by people who don't want them in a particular section of the city. Our patient capital is – in and of itself – an anti-fragility measure because we can withstand it. Our social networks are also part of that anti-fragility measure. And so we can pivot to stay with an entrepreneur for a decade in part because our values align, we're focused on the same problem that we want to solve, and that we're not ideological when it comes to capital. We understand the need for our patient capital.

And when necessary, like we have in Covid, we can raise an emergency grant fund. And it's essentially, it's become like a mini-PPP that the government would be and get our fellows and companies the kind of grant money they need so that they can keep people who are in life or death situations in terms of a job that might pay a few dollars a day. And so I would say that our whole model, which is flexible, nimble, decentralized, boots on ground, and able to access different fields of capital over the long term is – in and of itself – one big anti-fragility measure to use the tools at our disposal to solve some of the toughest problems of the world.

PETER COY: Great. I just want to remind members who are watching that we invite your questions. Throw Jacqueline whatever tough questions you have for her. I'm sure she can handle them. And we'll go to the questions in just a few minutes. I'm going to ask another question first though. You've said, and I believe in your most recent annual

report, that you're shifting from global to regionally-driven investment strategies. Talk about why you decided to do that.

JACQUELINE NOVOGRATZ: Bryan Stevenson, the civil rights leader, talks about proximity. And the importance of proximity for Acumen, we would use the word "emerging", that to truly understand what it takes to build new markets and ecosystems requires being on the ground. And what we have found over time is that each of the regions in which we operate might have a slightly different set of needs and priorities that the local business community will understand better than anyone else. And so we can learn from each other and we can bring pieces of that learning into other countries.

In the United States, for instance, Peter, we've got a functioning capital market. We've got a robust civil society. You've got an enormous talent pool that often comes able to really devote themselves to this kind of work for many, many years, a functioning government. And so you can imagine an evergreen fund backed by philanthropy that will still bring in positive financial returns that can be plowed into the fund and cover all of the expenses.

That is a lot harder to do in a place like post-conflict Colombia where you've got isolated, small communities, no trust, no skills, and enormous infrastructure issues. And so the needs of those communities, the size of those investments, the expectations on

what kind of returns we will get will be very, very different. And at the center, what we can do is take the lessons from a regional strategy, for instance in post-conflict Colombia, and bring it into Northern Uganda where you also had a million displaced peoples and very similar patterns that start to arise.

PETER COY: Do you have a particular example of where you realized, uh-oh, we're making a mistake here by being too globally-minded and not thinking about the regional differences, where the lightbulb went off in your head?

JACQUELINE NOVOGRATZ: In the early days there were many of those. I would actually say it was more the expectation if you were in one region, you know, Latin America also has an enormous talent bench, also has markets with real availability to the United States, premium markets, some of the best chocolate and coffee in the world that can be sold at high rates. That's a model that I would love to take to West Africa which is really where the best cacao and the most abundant cacao in the world is produced.

You've got a very different system in place. Government entrenchment, some of the most broken supply chains with the least paid people on earth in the chocolate-cacao industry. That's an industry that really needs to be rejuvenated and regenerated in a very different way than...we have a lot to learn from Colombia but you're not going to

take that cookie cutter approach and say, well, they did it in Colombia, let's just make it happen here.

PETER COY: Sure, yes, yes. Alright, so I'm going to turn to some questions from the members and I'll start out with one from Patrick Inferna(?) asking about the coronavirus. It's expected to last longer in underdeveloped countries for a longer period of time than in the developed world. How has Acumen worked with entrepreneurs whose businesses, which may have originally projected profits pre-Covid are now in danger of financially struggling?

JACQUELINE NOVOGRATZ? Thanks for that question. I started to respond to it before with, we actually built two emergency funds, one for the United States, one for the developing world where we could very, very quickly turn around and support with concessionary loans and grants, our fellows and our companies that were vulnerable to losing all of their employees.

Where it was most acute where you needed grants and really showed us just the level of human destruction in this moment would be in, for instance, in Nairobi. I talked about daycare in the United States where it continued, there were safety measures put in place, government supported it. In Nairobi suddenly all the daycare centers get shut down. Those little children have to go home to, imagine tiny shacks where eight to ten

people are living with no toilet. No one has work now. The level of violence goes way up. And so not only do your children not get food that day nor training that day, but they're actually in very frightening situations.

And so Kidogo(?), one of our fellows, really needed just to find a way to get food packages and other ways, almost games and learning to the children while keeping the teaching staff whole, helping them start, even if it was to start other businesses and sort of that kind of pivoting. To the off-grid energy sector where we realized that we're in the largest investor in the world for the poor, we've been working with a coalition now of other investors from patient capital investors like Acumen to some of the biggest in the world, to try and put together \$100 million off-grid concessionary debt fund so that we can make sure that this vital, essential service doesn't fall too far back. Because if we want Africa to continue to develop in this way, there is nothing as foundational as electricity. So we're really operating at the extremes, and again having these regional on-ground teams has really helped us move.

PETER COY: Very good. I'm going to boil down this next question, I'm not going to ask the whole question but one part, I think, is pretty important and a lot of, I think a lot of people listening to the call can relate to it. You've talked about what you do, what do you see as the role of public companies – I mention all for-profit, publicly-held companies – how do you think our markets could evolve to capture the different types of

value and harm the businesses can create?

JACQUELINE NOVOGRATZ: Well, I would love to have a whole session with you, Peter, on that one. We actually partner with a number of public companies – Unilever, IKEA, Bain – where there is such will and growing will to figure out how to truly create more inclusive supply chains. And I think this is an area where the big corporations, particularly in food, both have a lot of work to do. And I think it's part of all of our next chapter and it's really why, again, to that question of is it government's job, is it the ventures' job, we're only going to change these problems when all of us find ways to work together and change.

And so I have mentioned chocolate and coffee a few times here. What's wrong with that industry, from an inclusivity basis, is that it's all priced based on global commodities pricing. So if you're looking at coffee and Brazil has a big bumper crop, your farmers in Colombia have to accept whatever price the global commodities price dictates. Often, they can't cover their own costs based on that price.

So there's a growing group of entrepreneurs that are starting by understanding the production costs to the farmer, accompanying them by providing them with inputs and the kinds of skills that they need so that they can actually create very high-quality coffee or chocolate. And then finding buyers who will agree to a very transparent higher cost,



sometimes 3-4X the global price. And what they get out of it is knowing that they're going to get the highest quality coffee or chocolate. Their customers really care as do their, increasingly their employees.

And so right now you're seeing partnerships with coffee companies like Stumptown, \$100 million. But the dream for me in this next chapter is that gets to the next level and you start to really shift our expectations for transparency all along the value chain in terms of how those who contribute earn more than a tiny, tiny fraction given the work they do. If we don't – and this goes to a stakeholder-shareholder debate – if we don't find a way to compensate our chocolate farmers whose average age is 58, we won't have any chocolate farmers. And so there's a real alignment of interest. And that goes to the second part of this question, which is how will we get our corporations and our publicly-traded corporations to integrate the externalities, both positive and negative – both in terms of the kinds of jobs they employ, the kinds of people they include and the positive and negative impact they have on the environment.

And what is exciting to me is this isn't just a generational conversation anymore. As we are moving through Covid and looking at climate change, you're seeing the Business Roundtable, the World Economic Forum really begin to create a new set of rigorous measures for those externalities.

PETER COY: Yes, sure. I meant to mention that that last question is from \_\_\_\_\_. And this next question comes from Charlie Hess. Please share what aspects/characteristics you have learned about an entrepreneur which is essential to the character you hope to support?

JACQUELINE NOVOGRATZ: Thank you for that question. The first is what we would call the moral imagination. To solve problems with people who are different, you have to learn to use the lens, not just of your own imagination, but of others, and really start by putting yourself in the other's shoes. That brings to the truly essential and often undervalued aspect of listening, finding those entrepreneurs who listen to their customers, who take them seriously, who hear feedback, entrepreneurs who again are not ideological but learn how to partner across sectors. Our most effective entrepreneurs find ways essentially to own where they are strong and also where they are weak so that they can partner effectively with government, with corporates, with civil society for scale and that's been a really big piece of it.

This may not sound like character but I would say those entrepreneurs who understand or learn how to tell stories that matter in ways that people can hear. And so they're neither just selling you this big puff of optimism nor are they telling you how great they are because the people they work with are so difficult, but they're rather showing you the realities of the world as it is and helping you see where we might go in ways that

inspire and ground simultaneously. And then finally in this moment of Black Lives Matter and the racial reckoning, that they learn to understand their own identity and the levels that are within their own identities and use it as a way of connecting to people across lines of difference. Because to succeed in this inter-dependent world, whether you're running a small company or a multi-national requires the recognition that we're all in this together. And finding the ways of speaking, again so that you can be heard is critical for the work, I think, we need not only in business but in every one of our sectors.

PETER COY: That's beautiful. You know that's a great note to end on. We have to wrap now. I'm going to hand it back over to Mike O'Neill, but Jacqueline, thank you very much.

JACQUELINE NOVOGRATZ: It's been a real honor, Peter, thank you.

VICE CHAIRMAN MICHAEL O'NEILL: Well, thank you very much to both of you. We certainly could have spent a lot more time on this issue which is of increasing interest to many people. Maybe we can have you back. I think we just scratched the surface. Again, thanks to you both.

We have a lot of interesting speakers coming up here in this fall session. Starting with Thursday we've got Ken Frazier, the Chairman and CEO of Merck, Henry Kissinger,

General H.R. McMaster, Tom Barkin, Charlie Cook, Deanna Mulligan, James Gorman, Mark Zandi, Jay Clayton, just to name a few. And they will all be here during the month of October. So it should make for some very, very interesting listening. Thank you again for taking the time to be with us and we wish all of the people that tuned in well and thank you as well. Thank you.