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VentureWire

Socially Responsible TBL Starts Disbursing \$50M

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VC Fund News

In another sign that the investment community is warming to firms with a socially responsible mission, TBL Capital has started to deploy its debut \$50 million fund, building a portfolio of six companies to date.

Joe Glorfield, principal at TBL, said the Sausalito, Calif.-based firm began raising the fund, TBL Capital I LP, in September 2007 and closed the fund in December.

"For us, social and economic interests are of equal importance," Glorfield said of the firm's investment approach. The triple bottom line, reflected in its name, represents the "people, planet and profits" that the firm says it looks to improve.

TBL had such a quick close, Glorfield said, because the firm ultimately raised money from eight individuals - two European and six North American. No institutional investors were involved, he said, in part because of the firm's desire not to shackle its portfolio companies with its 10-year fund timeframe. "We have created a platform that's unique, very social-entrepreneurship oriented," he said. "Our LPs will accept stock instead of cash."

Glorfield conceded that allowing limited partners to be paid out in stock rather than cash if an exit has not yet happened is an unproven model, but one that he hopes will allow companies to find the best deal, both financially and socially. "Most entrepreneurs are comforted by the fact that they don't have a timeframe," he said. "But I think that the concept of no exit is new and maybe a little different."

TBL is one of a growing number of venture firms in what has been called the lifestyle of health and sustainability, or LOHAS, market, targeting everything from clean technology to healthy foods. At least two other LOHAS firms - Physic Ventures and Sherbrooke Capital - are currently raising funds.

TBL has made six investments out of the fund to date, Glorfield said. Two of the most recent, in the past month, are CleanFish Inc., a sustainable fish broker, and Better Energy Systems Ltd., maker of a solar-powered handheld product charger.

Other investments out of the fund are Numi Tea Inc., an organic tea company; Mission Research Inc., a company developing software for nonprofits; Laloo's Goat's Milk Ice Cream Co.; and Michelle Kaufman Designs Inc., a green-home developer.

Glorfield is a former vice president at RSF Social Finance, another socially responsible investment firm, where he worked alongside Mark Finser, a former RSF chief executive who is now TBL's managing partner.

TBL has a third investment professional, Principal Joe Marshall, former chief financial officer at Imagine Foods Inc.

Glorfield said he expects the \$50 million fund to give the firm enough money for two to three years' worth of investments.

<http://www.tblcapital.com>

Unlike most limited partners, the fund's individual backers aren't driven by the desire for quick exits.

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