

diffusetap
Virtual Event Series

Impact Investing Community Style

Guest Speakers:



Milena Stojceska
Manager, Investor Experience
Unreasonable

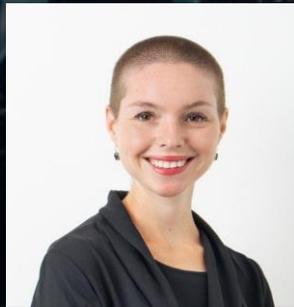


Evan Patronik
Senior Director
Unreasonable

Hosts:



Kenny Estes
CEO & Founder
Diffuse



Ayla Kremb
COO & Co-Founder
Diffuse



DiffuseTap: Impact Investing Community Style

Last time on DiffuseTap, Unreasonable's Milena Stojceska and Evan Patronik talked to us about growing an invitation-only community around impact investing, sourcing deals, and doing diligence for the community, and how their zero-fees, zero-equity business model works.

Want to make friends from the Diffuse Fund Ecosystem? Email contact@diffusefunds.com.

DiffuseTap

This networking session is part of our weekly virtual events series. Networking (you'll bump into at least a dozen high caliber fund managers) meets purposeful (you'll tap into brand-new sources of ideas) ... straight from your armchair like a boss.

Meet the Speakers



Milena Stojceska is an advisor, sustainability advocate, and impact investor who has worked with politicians, business leaders, female founders, and some of the world's largest financial organizations. As Manager of Investor Experience at Unreasonable, Milena looks after The Collective – a portfolio of growth-stage ventures that focus on creating a positive global impact. LinkedIn: [@milenastojceska](#)



Evan Patronik is a serial co-founder and expert in building communities. Evan is the Senior Director of Venture Selection at Unreasonable, bringing ventures and CEOs into their Fellowship and helps drive funding for them. Unreasonable aims to create an inclusive and global network of for-profit ventures who are solving some of the world's most challenging social and environmental issues. LinkedIn: [@thepatronik](#)

About Diffuse

We are an alternative fund platform offering differentiated investment products. From digital assets to VC funds and beyond, we identify green field investment opportunities we feel will have market beating returns and turn them into professionally managed funds. For more information visit www.diffusefunds.com.



KENNY ESTES: Today's speakers are Milena and Evan. Milena, do you want to kick it off and introduce yourself to the audience?

MILENA STOJCESKA: Yeah. We'd love to thank you so much, Kenny. It's wonderful to be here today. My name is Milena Stojceska. I'm the manager of investor experience at Unreasonable, where I look after growing our community of investors whose values align with ours. We're going to talk all about that today.

My background is in diplomacy and government, helping some of Australia's startups expand into the U.S. I've worked with some of the world's biggest financial institutions and helped them incorporate more ethical practices in their investment decisions. I am proud to now be working with an incredible group of folks, like Evan, at Unreasonable. I'll hand it over to him for a little intro.

EVAN PATRONIK: Hello, everyone. You may have seen me here before. It's been a while since I've been on Diffuse because I have a team call every week during DiffuseTap, so it's very rare to get to sneak away. But I'm excited to do it today. I lead the venture selection team at Unreasonable. Think of me as a VC. I'm just very nice, and I care a lot about the outcomes and the impact rather than getting into the nitty gritty sometimes.

I source for [The Fellowship](#) at Unreasonable. We're going to get into all of that. I'm based in Canada, just outside Toronto. Ayla and I are going to be neighbors pretty soon, actually. Prior to Unreasonable, I was a jack of some trades (but definitely not a master). I was an entrepreneur, engineer (I call myself a reformed engineer), woodworker, and firefighter. I've done a bunch of things, which comes in handy at Unreasonable. A large part of networking is just getting to know people and connecting. That's my job, and that's generally what I'm good at. I'm really excited to be here today and talk with you all.

AYLA KREMB: Beautiful. I'll just drop you guys into the deep end of the pool and kick off with the questions. Anybody who's here and would love to ask the team, pop your questions into the chat. We'll pick them up as we see them come in. Maybe we could kick off with a baseline question. Why would you want to build a community around impact investing?

EVAN: From the community aspect, for Unreasonable, it's the way that we run investing because it's the way that we do everything. Our belief at Unreasonable is that doing well and doing good aren't mutually exclusive. Capitalism is a lever. You can pull it in any direction. We want to pull it all the way to the side of world positive outcomes. So we support growth ventures wielding solutions to the world's biggest problems.

We think you can make a ton of money and do a lot of good in the world at the same time. It's actually less on the impact side, even though that's what we do. We're just all about great business – that's the most important thing – and then there are these insanely world positive outcomes on the other side. We want to support these companies that are the tip of the spear, fixing the world's problems, and who need an ecosystem behind them. That's where the community comes in.



That runs the gamut, including corporates, non-profits, investors, and foundations. For us, it's about bringing all that together. For sure, entrepreneurship is hard, but it's harder than it needs to be. No one should be reinventing the wheel or doing the same thing that every other venture team has to do.

Let's say that 20% of what a startup and its founders do is the insanely innovative and disruptive solution they're bringing to the market. That's what they should be focusing on, not the other 80% that's just "business as usual". For us, it's about how we can catalyze a global community to bridge those introductions faster to investors, strategic partners, customers, hires, etc. and to get them the information and resources that they need. And that's how you support these companies to get to scale in a much better way.

When we made the decision to build an investment tool, we just transferred that directly into the investment side, which involves thinking about how we can catalyze community support. We have mentors, partners, and corporates that we work with who willingly give their time to these entrepreneurs, and they want to be even closer to that. They're already supporting these ventures they believe in with their time, but what if they could also have skin in the game? But given that Unreasonable works with growth ventures – most of which are Series A and beyond and whose cap tables are highly sought after – nearly all these individuals are priced out of those rounds despite being accredited investors. So [Pratibha Vuppuluri](#), our Head of Investment, set about designing a mechanism to bridge this gap. I'll let Milena jump in there on why that's important and how it works.

MILENA: A key part of our community, and why it's called [The Collective](#), is mining the collective intelligence of its members. The Collective is a unique invitation-only investors club that includes values-aligned investors from diverse backgrounds who are interested in investing alongside top-tier institutional VCs into the most compelling deals that are coming out of our Fellowship.

To explain what "mining the collective intelligence of the community" means: There are 180 members in the community from various backgrounds, including authors, C-suites, family offices, thought leaders – investors who are committed to moving the needle in this space and making an impact with their capital. We know that community-driven investment drives collaborative advantage. So when we present an investment showcase to our community, it's not just an opportunity to hear from the venture CEOs and lead investors; it's also a chance to hear how other investors are analyzing these venture opportunities and sharing that collective intelligence with one another. We have multiple opportunities where our community comes together and talks about whether this investment opportunity is right for them, what they may still be unsure of, and learn from each other, in order to feel confident to make each investment.

KENNY: That makes a lot of sense. So, you have 180 different kinds of flavors of investors looking at deals and opportunities. How does that diligence work? I mean, it's bad enough if you have a three-person investment committee here. The phrase "herding cats" might come to mind. How does that work in practice, as far as getting people synced up? Is there a centralized organization that drives a lot of this? What does that dynamic look like? Milena, maybe we'll start with you.



MILENA: Absolutely. It probably starts with Evan, because there is a diligence process that comes first, in order to actually vet them and invite them into The Fellowship. And then, we look at the 300 or so companies that are in The Fellowship and assess them as to which one is the most compelling deal. Evan, do you want to give a bit of a summary, and then I'll dive into how the diligence works on The Collective front?

EVAN: Unreasonable really began with this idea of how we can help these companies grow. There are incubators and accelerators, and then there's us. We're the next step because the support ecosystem drops off the map after that accelerator. But that's actually when you start driving real change in the world, once those solutions are implemented and scaling. In terms of the companies that myself and my team bring in, a lot of diligence is already done in the sense that the market itself – whether customers, strategic partners, or investors – have generally phased out the non-success stories.

The vast majority of our ventures have some of the strongest investors on the planet on their cap tables. And so, there's been a lot of diligence done in that way. And then, we have a round of experts that we work with and with whom we can consult in terms of the specific technology such as batteries, biotech, alt protein, carbon capture, etc., as well as the market and how these solutions fit in. A lot of that time is spent understanding the market and the industry.

In that, we try to find out things like, what are the leading alt protein companies out there? What's changing? Who's actually not just on the bandwagon, but is going to drive real change? The diligence process starts with us, working with our partners, and my team. We have a team of five that looks at all these ventures, and then they come into The Fellowship.

The Fellowship itself is another portion of the diligence process. This is where we convene these entrepreneurs, our mentors, investors, and partners together, and where we really stress-test these companies further. They come in and join The Fellowship, we keep deeply in touch with them, and we're supporting them in perpetuity.

Then, we get even more insight into the challenges that they're facing, and the opportunities that they want to tackle. Our fingers are on the pulse of these ventures and The Collective takes this even deeper when the team begins the investment consideration process. I'm going to let Milena take over.

MILENA: Thanks, Evan. We have a multilayered diligence process, which is a really critical feature of the Collective. It's in place so that by the time our investment community receives these investment opportunities, they've already been vetted by Evan's team, our investment team, venture partners who are technical experts in the field, and our esteemed Investment Committee, who each have a significant track record and decades of experience in this space.

After this diligence process takes place, we then have a showcase where we present the opportunity to the community, hear from the CEO and the lead investors, and explore their investment thesis. We invite our community to join member calls, ask their questions, and again, mine that collective intelligence in the room. After our community looks through all the diligence materials we have prepared, they then have full discretion on which deals they'd like to participate in. They can write check sizes starting at \$10,000.



I saw a question in the chat asking if our community here can co-invest. Absolutely. The Collective exists to democratize these opportunities and make sure that our community, and the wider community who's interested in participating in these incredible ventures, are able to do so.

AYLA: That links up with another question. You guys are so well prepared, it's almost like you've built a machine. In that process, what did you learn when you started crafting this process? What were some of the surprises and things that you thought were going to work differently? What are some of the positive outcomes that you hadn't expected? I'll toss that one to Evan.

EVAN: The one thing about Unreasonable is that the process isn't necessarily driven by financial outcomes for us. Just as a background on Unreasonable, we don't take equity. Unreasonable does not take equity or upfront capital or revenue share. Nothing. No payments from our entrepreneurs.

Anytime a company comes into The Fellowship, they could stay for life if they'd like, and they don't have to pay us anything. That's a weird model. It definitely breaks the accelerator-incubator model for sure. And so, all our mentors that come in are not getting anything out of it, other than the opportunity to be very close to these entrepreneurs who are fixing some of the problems that we know best now. These mentors really want to take part in that.

And so, the question is how do you then shift this community mindset, which is almost entirely altruistic at its core, into something where the money is actually the baseline effect? As much as we would like to see it be a one-for-one, there is some shift there. Because once money comes into it, there is a lot more hesitancy around whether this is the best way to put your money forward and what are the other opportunities you're going to see.

And so, as Milena described, that process that we utilize, that access at the discretionary side, we want to present it with as much information as possible with the people closest to it, like the lead investor. They explain things like, here's why we're plunking down millions and millions of dollars on this opportunity. We've realized that when money is on the line, you need to go much, much deeper in their understanding and their scope of business.

I think that was an interesting aspect of the community; it's insanely powerful. But you still have to fulfill the underlying core fundamentals when people are writing checks. I think you could have seen that ahead of time, but we wondered how it was going to play out. And that was definitely a learning experience.

MILENA: Just to add one more thing on the community side, we saw how our community longed so much to experience in-person events again. So as The Collective grew, we leaned more towards in-person events. We've just rolled out our in-person program including site facility visits of the companies that we're investing into, intimate salon dinners, and more casual gatherings. We have our first site visit kicking off next month in L.A. We'll be touring [Plant Prefab](#) – a leader in prefabricated homes. It's the first certified B Corp prefabricated design and construction company that is dedicated to sustainable building and materials.



We participated in the series B in May last year, alongside Amazon, [Obvious Ventures](#), and [Courage Capital](#). We'll be heading to California to check out the facility and we'll be doing a beautiful community dinner alongside that site visit. Our in-person events will take place in our major hubs, which are London, New York, Boulder, and L.A. We really felt like our community needed those in-person connections and that's how we've been able to really learn and adapt to our community's needs with those offerings.

EVAN: Another aspect there is that these people are not just LPs, from whom the money comes in. These are individual investors. They are people with emotional, mental, and spiritual motivations. They have a want and a desire to act and to do and to support. And so, creating that linkage specifically with their investment is important to them. How do I actually move the needle and drive change for these businesses?

Obviously, you want to see your value grow. But our investors get to know these entrepreneurs through this showcase process, and they really want to see them succeed. They know the difficulties and the trials and tribulations of entrepreneurship. They want to ease that, as well as expand the potential to business.

Creating the mechanisms was really another side to that. People are hungry to understand how they can give back to these businesses. There are a lot of opportunities there by making sure that those mechanisms exist, especially as we go into the physical world again.

KENNY: Right, Kim asked a question in the chat, which kind of touches on a theme that both of you actually just discussed. Corporates, especially the big ones, and startups don't necessarily jive very well. Practically speaking, are there any best practices on how to get that communication better? And also, how involved are you? Do you just get them onto POC and say, "Hey, best of luck to you"? Or is it an ongoing education partnership? What does that look like and what do you recommend for startups in particular or corporates that are in this space?

EVAN: So, this is actually what we've been teasing into, which is what Unreasonable does and the motivation behind it. This question is perfect. The way we operate is, we don't charge anything from these companies. Now, that's all well and good. But where is the magic pot of gold that the money comes from?

And so, we do partner with some of the largest companies in the world, and governments who are values-aligned and with whom the solutions that are out there are tied directly to their core business. That includes themes of green economy, future of work, etc. They want to understand how they can not only keep their finger on the pulse of what's happening but further build and maintain relationships.

Like you said, the languages that are spoken between startups and corporates are often not the same. And so, there needs to be this intermediary of some sort. You can think of Unreasonable as that intermediary.

Corporate startup liaisons, corporate innovation – it all fits as a vague definition. But really, our job is to help direct that byline between these two types of organizations so that the corporate can understand



that they need to move faster and that they have to be more fluid and flexible. And also, the startups need to think on the timeframe of the corporates and understand the stakeholders. That's really a major part of this.

When we do have some of these corporate investors coming in, we do maintain those relationships with them for sure. Through our partnerships at Unreasonable with Accenture, Pearson, Fossil, Nike, Microsoft, and Barclays (which is one of our largest), we can really drive value and help the corporates change to work better with the startups.

MILENA: Diving deeper into how we support our portfolio companies at the Unreasonable Collective, we offer portfolio services whereby our investment team tracks what the venture needs are and what value our investment community can provide to these ventures.

That involves making valuable connections and offering expertise where needed. Our portfolio services add value and essentially rocket fuel to ensure these ventures make as much growth and impact as possible.



Thank you for downloading this DiffuseTap event transcript.

[Sign up for upcoming sessions](#) and check out [past features and event transcripts](#).



Dennis Chookaszian
Corporate Director, CME Group

DiffuseTap: Institutional Grade Governance

Sharing his decades-long expertise on corporate governance, Dennis discussed how to avoid a co-partnership going sour, the problem with overly idealistic CEOs, and the importance of keeping your board in check. [Read on](#)



Susan Brazer
CEO & Founder, LionShare Media

DiffuseTap: Media Metaverse 2022

Susan talked about the 2020 digital media landscape; the evolution of media distribution; how converging, emerging technology points to the metaverse; and the prospect of having an open, decentralized, and free Web 3.0 marketplace. [Read on](#)



Raj Mukherjee J.D.
VP/Global Head of Tax, Binance.US

DiffuseTap: Crypto Taxes Decoded with Binance.US

Raj explained the complexities of the US crypto tax landscape, how he built a dynamic tax information system for Coinbase and Binance from scratch, and how investors can profit from crypto without getting caught in a taxation mess. [Read on](#)

JOIN US