

# **Revitalizing Your Community through Community Capital**

## **Local Investment 101**

### **January 2023**

**TO:** Potential Partners

**FROM:** Michael Shuman & Jen Risley

**RE:** Organizing a Workshop for Your Community

In 2019 Americans had \$56 trillion in stocks, bonds, mutual funds, pension funds, and insurances funds—nearly all of it invested in global corporations. If you and your neighbors could shift even a small amount of that capital from Wall Street to Main Street—even one percent—your local economy could flourish. Your community could have more vibrant local businesses, more affordable housing, more renewable energy, more food self-reliance, you name it. This workshop is designed to help you personally and your community develop practical local investment strategies.

Local Investment 101 is short course—comprising four 90-minute sessions spread over four to eight weeks—aimed at several audiences. It is designed to help grassroots investors eager to invest locally, businesses looking for local capital, and policymakers committed to facilitating local investment. Over the past three years, this workshop has reached hundreds of appreciative “students”—mostly adult learners—in Alaska, New Hampshire, Montana, Rhode Island, Vermont, and Washington State.

### **Objectives**

This workshop aims to help participants answer four essential questions:

- How can I move my money into the businesses, projects, and people I love—and out of the dangerous Wall Street casino?
- Given my financial profile (savings, debts, risk tolerance, etc.), what should my personal local investment strategy look like?
- How can I help deploy the tools of local investment to revitalize my community?
- How can I make my community more resilient to prepare for future global crises that will come from new pandemics, climate disruption, and economic collapse?

Very few of us appreciate that we have significant alternatives to investing in Wall Street. We robotically invest our money in the stocks and bonds of the world’s biggest companies we barely understand. And our mutual fund managers, pension fund representatives, and investment advisors still insist these investments are the best bets for growing our wealth. Really?

In fact, you can invest in everything else that matters to you. You can put your money into that neighborhood grocery store you love, your little sister's first house, or your nephew who needs to pay off high-interest student loans. And you can do much of this using tax-deferred pension savings. If you're smart about local investing, you can do this in a way that provides substantial, stable financial returns and lowers the risk of Wall Street investments. Plus, these commonsense local investments wind up strengthening your community, your local resilience, and your tax base.

### **Instructional Videos**

The course has students watch 15 videos (each 20-40 minutes) built around the following questions:

*For anyone interested in local investment:*

- Why are local businesses so important for community development?
- What are the returns and risks of local investments?
- What are the most promising kinds of local investments?

*For local investors:*

- How can I find local investments?
- How should I evaluate local investments?
- How can I use tax-deferred pension savings for local investments?
- What are the rules governing self-directed IRAs and solo 401ks?
- Why are community banks and credit unions important for local investors?

*For local businesses looking for local investment:*

- What local investment opportunities do cooperatives offer?
- What are the basics of securities law?
- What tools and resources are available to help me prepare my business for financing?
- How can my business raise funds from accredited investors?
- How can my business raise funds from grassroots investors?

*For policymakers:*

- What kinds of community investment funds might facilitate local investment?
- What kinds of state and local policies can facilitate local investment?

The material in the workshop incorporates and updates key points from Michael's last three books: *Put Your Money Where Your Life Is* (Berrett-Koehler, June 2020); *The Local Economy Solution* (Chelsea Green, 2015); and *Local Dollars, Local Sense* (Chelsea Green, 2012).

## **Audience**

Who might find this workshop useful? The target audience is anyone in your community interested in moving some of his or her money into local businesses, projects, or people. What we have learned from the past year of workshops, however, is that many others can benefit from this workshop as well, including:

- Local businesspeople looking for new sources of capital (who might be able to convince more investors to invest in their businesses using DIY tools).
- Economic developers and consultants with an interest in local business, economic gardening, “Think Local First,” or entrepreneurship (who might want to tap the power of grassroots capital).
- Local bankers, credit union managers, investment advisors, brokers, pension fund managers (who might be interested in providing new products and services to their clients).
- Local politicians and civil servants (who might be looking for new ways to solve local economic problems and strengthen local resiliency).
- Local philanthropists and community foundation leaders (who wish might to supplement their philanthropy with local investment initiatives).
- Professors and students involved in relevant fields in business, investment, economic development, planning, and local governance.

## **Virtual Workshop Content**

We typically offer the workshop virtually over Zoom (though special arrangements can be made to do one or more of the four classes in person). Below is the starting assumption about what the typical workshop schedule looks like. Mindful that none of us can stay focused in a Zoom session for very long, it is built around four 90-minute sessions:

- *Session 1*
  - Introduction of the class objectives, materials, and assignments.
  - Introductions of classmates to one another.
  - Discussion of the first five videos (students watch before the class begins).
- *Session 2*
  - Review of the second five videos.
  - Preparation for assignment #1 (a personal investment strategy).
  - Introduction to the final five videos.

- *Session 3*
  - Presentation and discussion of assignments.
  - Review of final five videos.
  - Preparation for assignment #2 (a community strategy).
  
- *Session 4*
  - Presentation and discussion of assignments.
  - Next steps.

Ideally, these sessions would be spread over at least four weeks, so that participants have enough time to watch the videos and complete the assignments. (Some partners have spread the four classes over six or eight weeks.)

We welcome suggestions for modifying this agenda. You might decide to skip certain videos, modify the assignments, or focus the class time on unique challenges and opportunities in your community. *The goal, of course, is to maximize the usefulness of this material for your community's needs and for stimulating follow-up action.*

*A note for Canadians, Australians, and others abroad:* The specifics of the U.S. securities laws may not suit your needs, but most of the videos will be relevant to any audience. If you want to proceed with a workshop, we will prepare (with your help) 1-2 modules specific for your country's investment laws.

## **Fees**

We are prepared to proceed with two different kinds of fee arrangements. Option A is for those who feel more comfortable fundraising and taking charge of the workshop. In which case, you keep all the fees. Option B is for those who prefer us doing most of the fundraising. In which case, we keep all the fees. If you want a workshop but are unsure about the fundraising, you should choose Option B.

### *Option A – You Run the Show*

If you want to run the show, the baseline cost is \$5,000. Between 2012 and 2019, Michael held more than two dozen workshops across North America, and most partners preferred this option. Underwriters of those workshops included local banks and credit unions, local business networks, foundations, brokerages, businesses, and philanthropists.

If you go this route, we will provide you with a basic proposal (similar to this document) that you can modify and submit to target underwriters.

You also may decide that you want to charge participants a fee, in which case you will be responsible for selling tickets. The amount you charge is totally up to you, and you get to keep all the proceeds. *In principle, this means you could actually make several thousand dollars.*

Under this option, we will commit to dates when you are able to send us \$5,000, which will cover our expenses helping you and teaching the course.

The bottom line on this option is that you do the marketing, and we show up and run the workshops.

### *Option B – We Take Charge*

The second option envisions our leading the effort (though we will still ask some things from you). With your guidance, we will try to raise funds, and we will take charge of selling tickets. The typical fee we will charge for each participant in the workshop is \$149 (\$99 for those on limited incomes like students). We will provide a link where people can sign up, and we will handle ticket sales.

Under this option, our main ask from you is to recruit at least five co-sponsors, *each* of which will e-mail at least 2,500 people in the region to advertise the event. This is a critical way to spread word. Anything you and the co-sponsors do beyond this—through social media, for example—will be greatly appreciated and will increase the chances of a successful workshop.

For our part, we will provide you with:

- *Free Tickets for You:* You will receive four complimentary tickets to the event—one for yourself and three for anyone else in your community.
- *Free Tickets for Co-Sponsors:* As an incentive for recruiting co-sponsors, we will give each recruit (that is, each group that agrees to send at least 2,500 e-mails) two complimentary tickets.
- *Marketing Materials:* We also will provide you with simple marketing materials (e-mails, brochures, flyers, posters, etc.).

Under this option, we will commit to dates when we have raised \$4,000 in seed funds.

### **Fine Print Stuff**

Some important understandings:

- *2+ Months Planning:* We typically need 60 days between agreeing to proceed and holding the event.
- *Cancellation:* Before we commit to dates, either of us can cancel for any reason. Once the seed funds are raised, we agree to proceed at some point. If one set of dates doesn't work out, we agree to find other dates.

- *Pre-Event Communication:* Michael is happy to have one in-depth telephone conversation for planning, up to one hour, with you and your colleagues about the content, title, format, etc.
- *Our Preparation:* Please send Michael articles, reports, studies—whatever provides me with background on your community. Best to email this ([shuman@igc.org](mailto:shuman@igc.org)) or mail to 67820 Ontina Road, Cathedral City, CA 92234.
- *Op-Eds:* Many groups want Michael to write an op-ed for the local paper before the event, and this almost always pays off in attendance. We can prepare an op-ed tailored to your community for \$200.
- *Recording:* Recording of the group sessions is permitted. Recording and reproduction of the modules is prohibited.
- *Contract:* If we agree to proceed as partners, we will sign an agreement that formalizes the main points of this memo.

### **Next Steps**

We are of course happy to answer any questions you have about this document via e-mail or phone. Michael's contact information is [shuman@igc.org](mailto:shuman@igc.org) and 202-669-1220. Jen's is [jenrisley@amiba.net](mailto:jenrisley@amiba.net) and 603-283-5401

**Finally...**A word of thanks and appreciation for considering this partnership.