Enterprise Recycling

Private Sector + Business Supplemental Concepts for APPALACHIAN Reuse Corridor

Updated October 16, 2023, by Murphy Poindexter in collaboration with the Appalachian ReUse Corridor and Coalfield Development.

Executive Summary

Waste generation is a constant element in the bustling realm of developed economies. From everyday activities to large-scale industrial operations, waste is an inevitable consequence of our consumption habits. Yet the unavoidable nature of waste generation has a silver lining: it creates a perpetual demand for waste management and recycling services. This demand provides a significant opportunity to rethink the principles of value and sustainability in our economy.

Finding recyclable markets is a significant challenge for municipal recycling programs across the country. This study explores the potential of an innovative waste management model designed to add value to local economies. By transforming waste from major cities across the U.S. into valuable resources through processing and recycling in southern West Virginia, this model envisions a circular economy where waste is not a dead-end, nor simply reused, but becomes a starting point for new economic activities.

Our approach hinges on the evolving economic model of “bankable loops,” leveraging symbiotic partnerships with community stakeholders to generate sustained local demand for recycled materials and boost local economies simultaneously. West Virginia contains vast opportunities for such synergisms.

West Virginia’s unique infrastructure, including rail pathways initially used for coal exports, provides a framework for efficient, cost-effective, and eco-friendly logistics solutions. Revenue generation would be multifaceted, based on tipping fees, the sale of recycled materials, and waste-derived energy, all underpinning the circular economy model. Government grants, new market tax credits, environmental credits, social impact bonds, and the potential incorporation of advanced market commitments can pose additional financial benefits.

This white paper delves into the concept and benefits of our innovative approach. We aim to transform waste, an unavoidable byproduct of our economy, into a perpetual demand driver that can trigger sustainable growth.

Through this concept paper, we explore transformational approaches to waste management. Together, we can reframe our understanding of waste, transitioning from the traditional linear 'take-make-dispose' model to a circular economy that values waste as a resource. This paper aims to serve as a stepping stone towards a sustainable economic model that meets the present demands and ensures future generations' well-being.

Introduction

During Michael Bloomberg's tenure as Mayor of New York City, he faced significant challenges with the city's recycling program. One of the most notable changes occurred in 2002 when he suspended glass and plastic recycling as a cost-saving measure. The city's recycling program struggled at the time, with high costs and relatively low recycling rates. By suspending parts of the program, Bloomberg's administration aimed to save money during a challenging budgetary period. The move was controversial and faced opposition from environmental groups and other stakeholders.

Over time, the city worked to restructure and improve its recycling program, seeking to make it more efficient and effective. The suspension of glass and plastic recycling was temporary, and efforts were made later in Bloomberg's tenure to revitalize recycling initiatives and promote sustainability in the city. It's a nuanced issue that showcases the complexities of balancing budget constraints, environmental goals, and operational challenges.

These struggles aren't limited to New York City. Economic challenges have contributed to the decision to scale back or suspend parts of the recycling program in many other places across the country. In 2019, the New York Times reported that Philadelphia burns about half of its 1.5 million residents' recycling in a waste-to-energy facility. In Memphis, each recycling bin in the airport is sent to a landfill. The article cites these examples as a few of the hundreds of cities across America that have canceled their recycling programs.

In the early 2000s, recycling faced economic difficulties as the costs of collecting and processing recyclables often exceeded the sales revenue. This problem was worsened by shifts in global markets, especially in China, a significant buyer of recyclable materials from the United States. Changes in China's policies reduced demand for certain recyclables, leading to oversupply and lower prices. While efforts have been made to improve recycling economics by making collection and processing more efficient, fostering domestic markets for recyclables, and encouraging manufacturers to use recycled materials, the waste management industry still grapples with the ongoing and intricate challenge of finding consistent and profitable markets for recyclables.

The Problem

Contemporary waste management and recycling practices are primarily treated as a means to an end, a problematic viewpoint stemming from a reactive rather than proactive approach to waste. Waste disposal is considered the final step, a necessary conclusion to the consumption process, rather than an opportunity to create value and promote sustainability.

This narrow viewpoint misses the larger picture: waste is not just an end product to be discarded. It's a resource filled with untapped potential. Acknowledging the inherent value in waste can pave the way for innovative, sustainable, and value-driven waste management practices.

Research suggests today's waste management and recycling industry faces several critical challenges that hinder its efficiency and effectiveness, including:

- **Myopia** - The industry often adopts a short-term, profit-driven approach without fully considering the long-term implications. This myopic view leads to solutions that merely defer problems instead of aiming to resolve them sustainably.
- **Fragmentation** - The waste management ecosystem is highly fragmented, with multiple players operating in silos. This lack of coordination and synergy inhibits the development of integrated, efficient solutions and hampers industry-wide progress.
- **Complacency** - Many in the industry, satisfied with the status quo, do not seek continuous improvement or innovation. This complacency results in outdated methods persisting and new, potentially more effective and sustainable strategies being overlooked.
- **Public Opposition** - Often, new initiatives in waste management face considerable public opposition due to concerns over potential environmental impact, health risks, and other factors. This backlash can delay or even derail necessary changes and innovations.
- **Regulatory Challenges** - Varying and often stringent regulations across different regions can make it difficult for waste management entities to operate efficiently and implement new, innovative practices.
- **Market Volatility** - The value of recyclable materials can fluctuate, creating uncertainty and instability. This unpredictability can dissuade investment in recycling initiatives and innovations.
- **Lack of Infrastructure** - Many regions need more infrastructure to manage and process waste effectively, including insufficient recycling facilities and waste collection systems.
- **Environmental Impact** - Traditional waste management and recycling practices often have significant environmental impacts, contributing to pollution, resource depletion, and climate change.
- **Inadequate Waste Sorting** - Effective recycling requires precise waste sorting, which can be challenging and inefficient due to the high diversity and volume of waste.
- **Lack of Investment** - The waste management industry is opaque and closed, and it often resembles a “red ocean” of competitors and low margins instead of a blue ocean opportunity. This results in fewer and fewer early-stage startups that raise high-risk, high-reward capital intending to break into the waste management/recycling industry.

These problems, among others, contribute to a suboptimal waste management and recycling industry, necessitating comprehensive and forward-looking solutions.

Demand and Supply in the Waste Business

In the business world, certain constants form the bedrock on which economic systems thrive – supply and demand stand at the forefront. This principle forms the core of our feasibility study.

Value is generated at the intersection of supply and demand; however, it is important to understand that demand is the actual driver of value, while supply simply provides the means to realize it. A sustainable, long-term demand is paramount to perpetuating a value-creating chain. Therefore, focusing on the problem or the demand is crucial rather than falling in love with a particular solution or supply. As commonly advised in innovation circles, we must "love the problem, not the solution."

Demand in the recycling economy is fueled by continuous waste generation – an inevitable outcome of human activity. This constant demand drives the value of recycling and waste management services. The perceived value of a cleaner, more sustainable environment enhances this demand, intensifying the value proposition offered by effective waste management and recycling strategies.

Conversely, supply in the recycling economy encompasses the infrastructure, technologies, and services that manage and recycle waste. The ability of waste management companies to meet and adapt to the steady demand for their services acts as the heartbeat of this ecosystem, facilitating the realization of value from ongoing waste generation.

However, this dance between supply and demand in the recycling economy is only sometimes perfectly choreographed. Overproduction of waste, or an insufficient capacity to manage and recycle it, leads to a range of challenges that can impact the economy and the environment as the burden of waste management rises. Therefore, the private and public sectors must strategize and build a sustainable, scalable, and adaptable model to absorb these imbalances and ensure a consistent, effective response to the demand.

In the following sections of this paper, we will delve deeper into these fundamental concepts, providing a roadmap for building a resilient, sustainable waste management strategy that hinges on a comprehensive understanding of supply and demand dynamics in the recycling economy. We hope this deep dive will empower local non-profits like Coalfield Development, other community-focused organizations, and potential entrepreneurs to make informed decisions and contribute positively to our shared environmental and economic future.

The Solution

Our model hinges on the concept of a "Bankable Loop" – an evolving economic model that offers increasing value over time. Bankable Loops establish symbiotic relationships between businesses and community partners, in which businesses are designed to economically uplift the wider community and create new value, thus building sustained local demand. This model ensures that a venture's success benefits all stakeholders.

The recycling and waste management industry offers a variety of such opportunities, and Southern West Virginia possesses many resources, infrastructure, features, and stakeholders that could achieve many new business models and outcomes with the right investment and alignment.

We begin by imaging waste not as an endpoint but as a resource – a new supply of raw materials. Next, we must identify opportunities for sustainable, long-term demand for these repurposed materials. Finally, we must identify opportunities for these repurposed materials to add new value to our local and regional economies.

The result is a sustainable loop in which waste is managed and repurposed to benefit local communities and create new economic opportunities.

Potential bankable loops in West Virginia

The essence of the new concept, "Bankable Loops," hinges on establishing symbiotic relationships. A tangible example of this is imagining a local bakery strategically aligning itself with a nearby college or an expansive academic system. Envision this bakery diligently catering to the school's regular demand for bread, fulfilling the cafeteria's needs, and supplying for various events. The bakery benefits from consistent demand and local advantages and is also designed for efficiency, ensuring competitive market prices.

More importantly, the dynamic extends beyond a simple vendor-client transaction. Here, the college isn't only a customer but an invested stakeholder, directly benefiting from the bakery's successes. This relationship doesn't just fortify the bakery's foundation but ripples outward, positively impacting the local economy, bolstering real estate stability, and creating a cascade of growth opportunities. Analogously, imagine meticulously placing dominos, anticipating the mesmerizing pattern they'll create once toppled. Before setting the chain in motion, one must ensure the dominos are positioned correctly, priming them for a long-lasting, harmonious fall. Similarly, "Bankable Loops" sets the stage for businesses, enabling them to stand firm and envision and navigate a sustainable growth trajectory.

Bankable Loops look to take a portion of a new company's equity and create strong ties with the various stakeholders in a business. A standout feature of Bankable Loops is equity allocation to early adopters. Companies can offer these stakeholders a piece of the upside, balancing the risk-return profile and establishing a win-win relationship. Such relationships aren't limited to their customers; employees, founders, and investors are all integral to this ecosystem. This democratization of success enables everyone to share in the business's growth and prosperity, marking a shift from traditional risk-return profiles.

As a thought experiment, we present an example of a potential bankable loop using repurposed waste material to create new value in Appalachia.

One practical application might be using compost, derived from recycled waste, to remediate abandoned mine lands. In this scenario, waste recycling addresses the immediate demand for waste management and yields a new supply: fertile soil for land reclamation.

But the loop doesn't halt here. This revitalized soil could further fuel the growth of feed crops, biofuel crops, or other marketable products, escalating the value chain by creating another layer of demand. Each phase in this cycle presents an opportunity for value addition, reinforcing the "bankable loop" concept.

Opportunities for other bankable loops may include:

- Electronic Waste (E-Waste): Electronic devices contain precious metals like gold, silver, and palladium. E-waste recycling can extract these metals, but globally, only a fraction of e-waste undergoes proper recycling. This leads to the loss of valuable metals and poses environmental hazards due to toxic substances like mercury and lead.
- Tires: Discarded tires are a major environmental concern, often ending up in landfills or being burned. However, recycled rubber from tires can be used in various products, from road surfaces to footwear and even as fuel in some industries.
- Rare Earth Elements: Found in many modern electronic devices and renewable energy technologies, these are crucial for advanced manufacturing but are often discarded because they're difficult and expensive to extract from old devices.
- Textiles: While some textile recycling exists, many clothing and other fabric products remain in landfills. Recycled textiles can be turned into new garments, rags, or insulation materials.
- Organic Waste: Food scraps and yard waste are immensely valuable for composting, yet a substantial amount is discarded in general waste streams. When composted, they can return vital nutrients to the soil and reduce the need for chemical fertilizers.
- Construction and Demolition Debris: Materials like bricks, wood, and certain metals can be recycled and reused, but they're often dumped, occupying significant landfill space.
- Carpets: Carpets are made from valuable fibers like nylon and polypropylene. When recycled, these fibers can be used to produce new carpets or other plastic products.
- Batteries: Many batteries, especially those in electronics and cars, contain valuable metals that can be recycled. Yet, many end up in landfills due to inadequate collection and recycling infrastructures.

The essence of our venture is to pinpoint ways we can construct a series of robust, durable, and sustainable demands. These demands should be primed to convert every resource or supply unlocked through recycling into long-lasting benefits. The resulting model could cater to immediate waste management needs, contribute to environmental restoration, promote sustainable agriculture, or otherwise create products that satisfy market needs, thus creating a sustainable "bankable loop" of economic and ecological prosperity.

Business Model

Securing financial support is invariably the inaugural phase in realizing an expansive business initiative. Within the context of our groundbreaking venture in waste management and recycling, financial backing becomes more than a mere initial requirement; it stands as a testament to the broader societal belief in the significant upside potential of this project.

The challenge is twofold. We must demonstrate that the inherent risks of this ambitious undertaking are justifiable in light of the prospective rewards and manageable in the long term. And we must articulate a convincing case for a sustainable, profitable future characterized by our "bankable loop."

We aim to emulate and potentially surpass the valuation metrics that financial professionals, investors, and public markets have bestowed upon recent innovative startups. This aspiration extends beyond mere monetary evaluation; it encompasses a vision for transforming the waste management and recycling industry, capitalizing on the innovative approaches that have characterized some of our era's most successful business ventures.

Investment capital and the high probability of long-term revenue (or secured long-term revenue) must be developed in parallel. The below outlines the basics of what we need to lay the groundwork for a virtuous upward spiral, transforming waste into value, fostering economic growth, and advancing a model of environmental stewardship that resonates with both the practical demands of the market and the ethical imperatives of our time.

Investment Capital

Investment capital is composed of “first money in” – the first few dollars to develop an idea into a prototype or to test that idea in the market – or expansion capital, aimed at building new markets, expanding supply capacity, or developing new ideas and features.

- **“First Money In”** - The goal of this capital is to take the earliest upfront risks for the largest returns. Often, the first money will be equity combined with some “first money out” restrictions, meaning if the company is sold for parts, these investors are paid first. If the risk looks too great, or the capital wants more risk protection, sometimes they will want collateral or personal guarantees from founders. Other funding sources, such as public sources, can be the first money without equity or guarantees. Examples of first money in capital sources may include:
    - Equity
    - Donations
    - Public grants
    - Private foundations

- **Expansion Capital** - Additional equity, debt, grant funding, net market tax credits, etc. This money will take the company that has found a customer that fits their product into expansion and growth. Companies in this phase have a “product-market fit” and are now looking for more customers.

Revenue / Bankability
Revenue is a requirement for any business to survive and raise money in the long term. Customers' payments for a good or service make the company more stable or “bankable,” meaning the business is reliable and creditworthy. Finding and securing these revenue streams is critical to creating a bankable business.
Potential sources may include:

- **Tipping fees** - Consumers pay to have their waste managed
- **Output revenue** - Consumers pay for the products produced from recycled or repurposed waste
- **Credits** - Carbon offsets and other environmental credits
- **Advanced market commitments** - Consumers pay in advance for products we may output

Innovation in the American economy often solves costly problems that can realize value quickly in the form of revenue. In recent history, venture capital and tech have transformed the markets to focus less on current profitability and price in anticipation of future profitability.

For example, Uber was founded in March 2009, and their first operating profit was in Q2 2023 with $326 million as reported in August 2023. From 2014 through Q1 of 2023, the Financial Times noted that Uber lost 31.5 billion dollars leading up to that profit. To make this happen, Uber has had 32 funding rounds, including going public, debt, and equity, raising 25.2B dollars. The platform is currently worth around $95 billion. We are left with a digital market and infrastructure that anyone with a smartphone and a credit card can tap into.

Today, Uber and many other startups focus on transparent markets where enormous spending and disruption are likely or possible, and product-market fit experiments are quick and actionable. Waste management and recycling, unfortunately, don’t have similar characteristics at first glance. Being stuck in a city without a cab is a common and relatable occurrence; what happens to our trash is not (unless the garbage pick-up gets canceled that day).

This paper's goals and hopeful future are the groundwork for an investment thesis, grant application, and support for collaboration with the Reuse Corridor to build up long-term, viable businesses to support the circular economy. With a focus on layers of long-term and bankable demand and large-scale problems facing society at large, a win-win scenario of profitability and environmental sustainability is likely achieved. Private spending and budgets, along with siloed long-term grants, can come together to create a system of intertwined supply and demand combinations to solve problems across various industries and markets.

Next Steps:

A deep study and analysis of the following topics is a crucial first step in finding and developing bankable business models. We present a framework for future research:

1) **What is the target region's current waste management value chain?**
   a) Current physical solutions and processes (I.e, trash collection, landfills, and recycling centers)
   b) Costs, revenues, profits
   c) External costs and burdens
   d) Market totals by area (municipal/county/state/private companies)
   e) Business and financial models of each player
   f) Scope 3 emissions and other polluting factors externalized to the general public or surrounding areas
2) **What are the current gaps/problems with this system?**
   a) Deep customer empathy (Finding the various stakeholders in a system and learning about their problems)
   b) Financial analysis
   c) Potential threats/futures analysis
      i) Environmental
      ii) Electronic waste
      iii) Other specific issues
3) **What infrastructure or unique competitive advantages does WV have? How can they be utilized?**
   a) Intermodal facilities
   b) Rail
   c) Coal infrastructure and know-how
   d) Public/private partnerships
   e) Minelands / federal abandoned mine land funding
   f) Others?
4) **What new "bankable loops" can be made by combining existing infrastructure and revenue streams in Appalachia?**
   a) What are new businesses' current revenue streams and concepts?
5) **What capital/financing is available to establish new bankable loops?**
   a) Private and Public Financing
   b) Various structures and mechanisms
6) **Launching a feasibility study**
   a) Collaboration with Reuse Corridor

Conclusions

By taking the lessons of modern-day venture capital with a new stakeholder-focused economic approach, a green and prosperous future is more than possible. West Virginia and the wider

Appalachian region have a unique opportunity to turn neglected areas into flourishing, sustainable, and economically vibrant areas. We can rewrite the narrative of these traditional industrial regions.

The call to action is urgent and clear. With environmental crises unfolding around us, redefining waste as a resource rather than a burden becomes paramount. This is not just a local necessity but a global one. Regions like Appalachia can lead the way, demonstrating a transition from extractive industries to regenerative, sustainable models. By converting waste into wealth and regenerating our landscapes, we're restoring environments, reshaping economies, and rejuvenating communities.

Now is the moment to step boldly forward, forging a future where our environment, economy, and community coexist in a mutually enriching relationship. Let's take this step, transforming recovery into regeneration and creating a future that's both sustainable and prosperous.

New Valuations

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Introduction

Impact investing – or investing for the purpose of effecting social and environmental change – is often viewed as a decidedly unsexy cousin of venture capital. While its potential for social good is high, it's also historically expected to yield slower and lower profits. That's a turn-off in an age in which venture capital is increasingly focused on higher and higher rates of returns.

Ironically, this means promising start-ups working for social and environmental change are often passed over by the kinds of funds that could enable the swift growth they need to both make a difference in the world and turn a healthy profit. Philanthropic grants fill some of the gaps, but they often come without the benefits of the business expertise offered by venture capitalists.

Impact investing is growing in popularity, thanks partly to the influence of social-minded Millennials and Gen Z-ers. However, the overall share of impact funding as a percentage of total VC investment remains low.

That's a missed opportunity. We believe that socially impactful businesses and products have the same potential for the returns, revenue, profits, and growth that major VC-backed companies enjoy. In fact, some could be better. Issues like waste management, recycling, and plastic alternatives are frequently addressed with expensive band-aid solutions, yet they have a high impact on social and environmental welfare. A VC-backed long-term comprehensive solution in a start-up could instead become the next unicorn or multi-billion dollar listed company.

Our hypothesis is that market rate returns and impact don't have to contradict at all. The idea that high social impact leads to a sacrifice in long-term exits is, in itself, ripe for disruption – one of the core principles of venture capital. Simply put: If we took 25 billion dollars and some of the brightest minds in tech, operations, engineering, and innovation, we could build a platform that could perform socially oriented services better, similar to Uber taking down taxis and car services. Furthermore, if our guiding star is not only a return on investment but the benefit of society as a stakeholder, there will be rewards on multiple levels.

Venture Capital, Investments, and "New Ideas"

Consumer-facing tech start-ups frequently raise millions or even billions of dollars focused on disruptive technologies that change our daily lives. Snapchat, Uber, DoorDash, Airbnb, Amazon, and Tesla – these companies raised massive amounts of cash and went on to IPO after establishing their business.

However, many of these businesses took years to generate profits, even after going public. Vox reports that Amazon operated as a public company for its first 20 years, with its share price rising with revenue and expansion – with little to no net income. And yet, today, it's worth more than $1 trillion and has infiltrated just about every form of e-commerce in existence.

Disruptive technology startups such as ridesharing further illustrate the patience and optimism of venture capital and public markets. Uber's investment journey is an illustrative case. Founded in March 2009, Uber's path to profitability has been marked by risk and resilience. Despite losing a staggering $31.5 billion from 2014 through Q1 of 2023, Uber raised $25.2 billion across 32 funding rounds, encompassing debt, equity, and going public. The company finally turned a profit in Q2 of 2023 with $326 million, as reported in August 2023, culminating in a public market capitalization of $95 billion as of August 2, 2023.

This unique investment model, accepting billions in losses while building towards a visionary future, exemplifies how startups are valued and funded. The global rideshare market is currently valued at more than $95.09 billion and is projected to reach $185.1 billion by 2026.

VC chases large-scale dreams, taps into large markets, and can change everything about modern life upon success. Yet, the road to funding has been far more difficult for sectors focusing on societal needs, climate change, and technological innovation with long-term potential.

The common perception of these areas as high-risk, alongside challenges in demonstrating immediate profitability, has often deterred investment. Climate tech, ambitious impact projects, and other stakeholder-focused ideas and projects deemed too risky by the market or not attractive enough for capital today are often overlooked, regardless of their bankability, risk/return profiles, or other value metrics. These challenges are compounded by the difficulties in benchmarking the success of a company's social and environmental objectives compared with its generation of profits.

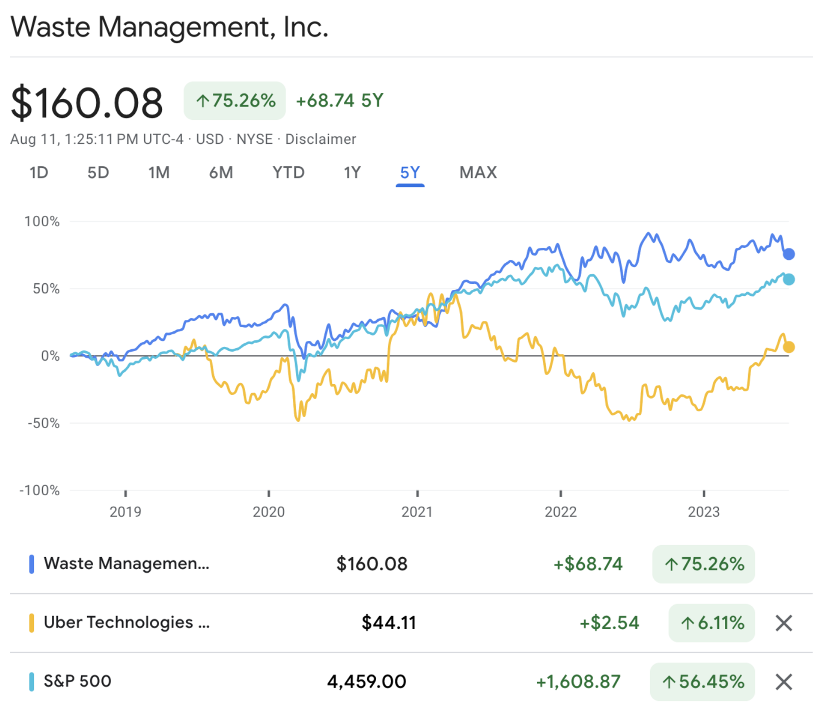
Are Old Ideas New?

If impact projects are often shunned due to risk and profitability, what are they going up against? The S&P 500 long-term average dividend yield is 1.85%. A person who invested $100 in the S&P 500 at the beginning of 2011 would have about $436.92 at the end of 2023, assuming they reinvested all dividends – a return of approximately 12.52% per year.

Thus, the public markets demand an average of less than 2% in dividends and less than 13% returns (including reinvestment of those dividends). Uber took on more than $25 billion of capital from the markets, lost $31.5B, and is now the market leader in an industry projected to be 185B in 2026.

What about other industries with built-in, sustained public demand? Waste management and recycling are prime examples.

“As antique as it is, the garbage business is a lucrative market,” [Crunchbase reports](). “According to a study from Report Buyer, the global waste management industry ‘was’ valued at $285 billion in 2016 and will reach $435 billion by 2023.” That’s more than twice the size of the rideshare industry, albeit a much older and more established industry.



On August 11th, 2023, the top three companies in the US focused on waste management by their market cap were Waste Management ($65B), Republic ($46B), and Waste Connections ($36B). (Caveat[: these data can change daily due to market fluctuations]().). Waste Management, the number one company on that date, had a dividend yield of 1.75%, and the stock has gone up 75% in the last five years – beating both Uber and the S&P 500.

Thus, waste Management has outperformed the market and pays average dividends based on long-term S&P numbers. It’s also more than twice as large as the rideshare market is projected to be in the future today.

The above would indicate a potential for objectives like sustainable waste management and more effective recycling to be accepted by the market and welcome billions of dollars funding innovation to disrupt the status quo.

A Framework for Revaluing Impact Investments

Furthermore, the investment paradigm favoring startups and tech ideas reveals an intriguing inverse relationship with society's substantial social problems. On the one hand, new companies – particularly in the tech sector – can often externalize their costs, deferring or avoiding many of the economic burdens associated with their rapid growth and development. This externalization can take various forms, such as environmental impacts, labor practices, or community dynamics, without immediate financial accountability.

On the other hand, significant societal problems such as poverty, environmental degradation, healthcare inequalities, and community disintegration present an almost diametrically opposite scenario. The public, or certain vulnerable populations, frequently bear the burdens and costs of these issues with little to no connection or exposure to the root causes. These profound challenges often manifest as complex, systemic problems that cascade throughout society, leading to public safety deterioration, escalating healthcare costs, educational disparities, exacerbated poverty, and more.

Research in this area is needed and could be a great tool to help those managing capital and resources see the potential upside in impact investing that they saw in venture capital. Below are some key research questions:

- **Scale and Nature of the Phenomenon:** What is the prevalence of startups adopting massive capital investment models like Uber? How does this trend compare to investment disparities between tech startups and initiatives focusing on societal challenges like climate tech, deep tech, and societal impact? How does this disparity correlate with externalized costs borne by society and the pressing needs that remain underfunded?

- **Time to Profit vs. Societal Impact:** From the initial investment to profitability, what is the typical timeframe for companies operating within this model, and how does this compare to investments in societal impact initiatives? Could aligning investment strategies with societal needs shorten the path to profitability while delivering significant societal benefits?

- **Metrics, Cost-Benefit Analysis, and Building Blocks:** What metrics and frameworks can be developed to understand startup investment, particularly concerning hidden and externalized costs? How can we undertake a comprehensive cost-benefit analysis of companies engaged in large-scale housing solutions, recycling initiatives, or other endeavors with immediate and long-term societal benefits? How might these insights reshape investment priorities and foster smarter building blocks for future investment in climate tech, deep tech, and impact-focused initiatives?

- **Risks, Opportunities, and Alignment with Societal Goals:** What are the associated risks and opportunities when considering similar investment approaches in climate tech, deep tech, and impact-focused areas? How might these investment strategies be tailored to seek financial returns and align with broader societal objectives such as environmental sustainability, social equity, and technological innovation?

- **The Inverse Relationship and Societal Reconciliation:** How can society reconcile the seemingly inverse relationship between the lucrative funding of tech startups and the chronic underfunding of essential societal needs? How can we recognize and address this relationship to create a more balanced, sustainable, and humane investment landscape?

- **Holistic Understanding of Value:** How can we foster a more nuanced understanding of value beyond immediate financial returns to broader societal gains? How can we promote a more holistic and responsible approach to economic development by recognizing and investing in these multifaceted benefits? This includes concepts of understanding the revenue impact potential on both the private and public sectors; for example, affordable housing solutions that reduce the burden on the health care system, public services, and real estate property values while creating a bankable system of investment and revenue streams to ensure all stakeholders are involved.

These points encompass a multifaceted examination of the intricate relationship between startup investment, societal challenges, and the prospect of reshaping the investment paradigm. By probing these questions, we stand to gain profound insights and formulate actionable strategies that hold promise for future investments in sectors ripe for economic innovation and societal impact.

Exploring underlying mechanisms and success factors that have driven startups like Uber lays the groundwork for an unprecedented investment paradigm. This new approach, as envisioned by Coalfield Development, seeks to champion economic viability and the values of sustainability, innovation, and societal enrichment, weaving them into the fabric of investment decision-making.

Addressing such questions necessitates a collaborative and data-driven approach. We present the following recommendations for carrying out the above framework:

1) **Collaborate with Key Institutions:** A partnership between a non-profit stakeholder, academia, Bloomberg with other market data companies, and other relevant stakeholders should be formed. Such an alliance would leverage each party's unique insights, resources, and expertise to conduct comprehensive research while understanding the unique market and public demands and private sector needs.

2) **Access and Integrate Diverse Data Sources:** Utilizing Bloomberg's extensive financial databases, academic research from academic institutions, and other sources like Crunchbase or governmental agencies will provide a robust foundation for analysis. Integrating these diverse datasets can uncover patterns, correlations, and insights that may remain hidden when viewing each data source in isolation.

3) **Develop a Structured Data Framework:** A well-structured data framework must be created to answer the crucial research questions above. A framework should involve identifying key metrics, standardizing data formats, and ensuring alignment with the specific research objectives related to startup investment dynamics.

4) **Conduct In-Depth Analysis:** Engage in rigorous data analysis to explore the questions around the phenomenon's size, the average time to profitability, critical metrics,

investment patterns, and more. This should include both quantitative analysis and qualitative insights, involving interviews with venture capitalists, startup founders, and other key stakeholders.

5) **Focus on Climate, Deep Tech, and Impact-Focused Investments:** With the foundational understanding gleaned from analyzing startups like Uber, apply these insights to craft investment strategies tailored to the climate tech, deep tech, and societal impact sectors. This involves understanding these areas' unique dynamics, risks, and opportunities and creating investment models that align with societal goals.

6) **Disseminate Findings and Engage Stakeholders:** Share the research findings with a broader audience, including investors, policymakers, entrepreneurs, and academics. Engaging these stakeholders increases the research's reach and impact and may lead to actionable initiatives and policies that support responsible and impactful investment.

7) **Consider Future Collaborations.** Recognize that this research is a starting point and seek to establish ongoing collaborations to explore, refine, and apply the insights gained. Collaboration could involve regular forums, joint publications, or creating an interdisciplinary working group focused on innovation in sustainable investment.

In summary, by forming strategic collaborations and leveraging comprehensive datasets, we aim to uncover new insights into the dynamics of startup investments. This research has the potential to forge a path toward a more innovative and socially responsible investment paradigm, resonating with the pressing needs and values of our time.

Reinventing the Wheel without Reinventing the Wheel

The central hypothesis of this paper is a simple yet transformative idea: that all the money required to make our world a better place is already available, and it merely awaits the correct alignment and mobilization via the same economic and finance models already in place.

The pathway to this new reality requires rearranging existing cash flows creating a system that serves both profits and a larger societal mission. The following elements illuminate this hypothesis:

- **High-Risk Initial Capital:** The journey towards creating social impact begins with accepting high-risk capital, akin to venture capitalism. Pioneering innovations in deep tech, climate tech, and societal impact initiatives need initial support, even though they might appear risky.

- **Mid and Late-Stage Capitalism Strategies:** Beyond the high-risk initial stage, there must be a clear pathway through mid and late-stage capitalism. This entails financial backing and a deep understanding of the market potential, societal needs, and collaboration between various stakeholders. The creation of bankable business models that bring together various spending streams that may not connect will be critical here. For example, the value local hospital organizations receive from unhoused populations needs to be quantified and brought into alignment to show spending in one place results in larger operating margins in another.

- **The Final IPO – Public Understanding and Value Recognition:** The ultimate goal is to arrive at a point where the public, including potential ESG buyers and government entities, understands the intrinsic value of these mission-driven companies. These firms are not mere social endeavors; they can generate profits, dividends, and financial growth like traditional companies.

- **Profitability Comparison with Recent Startups:** The hypothesis asserts that social impact companies can be more profitable than many recent tech startups such as Snapchat, Uber, and even Facebook, which took years to break even or generate profits. The same capital investment deployed for these tech giants can be strategically channeled towards social-impact companies, likely resulting in similar sustainable profits.

- **Government Support and ESG Alignment:** Recognizing the synergies between government objectives, ESG guidelines, and mission-driven companies is vital. It fosters an environment where these firms are supported for their social impact and potential to generate financial returns.

- **Dividends and Economic Benefits:** Mission-driven companies should not only be seen as vehicles for social change. The businesses must also be recognized for their potential to provide dividends and economic benefits to shareholders, just as any other profitable enterprise would.

The hypothesis posits a shift in economic paradigms in which available money can be redirected and amplified to create a world that thrives on economic prosperity and societal well-being. This new reality demands a profound rethinking of investment strategies, embracing a future where profits and purpose harmoniously coexist. It calls for a courageous venture into new territories of investment, regulation, and public perception, where the conventional barriers between financial success and social responsibility are reimagined and redefined.

At the apex of this hypothesis lies a visionary and strategic approach that combines financial instruments with moral objectives, creating a synergistic economic and societal growth model. This sophisticated financial approach could be amplified with the support and loyalty of massive financial entities such as BlackRock and others, who might invest in the stock with a long-term view and an understanding of the broader mission. The collaboration between these financial giants and impact-driven companies could forge a new frontier of capitalism, where profits are not the sole end but a means to achieve global betterment.

Add to this the concerted reminder of buying based on principles and objectives, and it opens up an avenue to push the valuations to a proper level through coordinated events. This approach leverages the power of capitalism for good, utilizing some of the same tools traditionally used to generate capital gains or profit. It signifies a reimagining of capital flows, emphasizing the inherent value in aligning investment decisions with ethical considerations and societal goals.

This strategic alliance between financial acumen and social conscience represents a landmark concept with the potential to redefine the boundaries of investment and social responsibility. It promises a world where the financial markets become powerful tools for social equity, environmental stewardship, and overall societal enrichment. This apex idea transcends traditional investment paradigms, marrying financial innovation with the profound desire to create a more humane world.

Building a Resilient and Sustainable Economy through Bankable Loops

Updated October 16, 2023, by Murphy Poindexter in collaboration with the Appalachian ReUse Corridor and Coalfield Development.

EXECUTIVE SUMMARY

Capturing demand and keeping it sustained is vital to economic growth. Sustainable businesses and their profits depend on more money and value flowing into an area than flowing out of it. With these basic principles, we aim to revitalize the Appalachian economy.

With its deep-rooted history and wealth of natural resources, West Virginia is ripe for an economic renaissance. We cannot ignore the difficulties facing the state; Economic Innovation Group reports that 41.4% of WV's population live in "distressed" areas, where distressed is defined by metrics such as poverty rates above 25%, 35% of adults unemployed, 20% housing vacancy rates, median household income of $40,000, and change in establishments and employment of -10%. Furthermore, WV's population has been on a steady decline since 2012.

Nevertheless, while there's been a noticeable pause in institutional investments and the nurturing of local businesses, recent trends indicate growing opportunities and hope. There have been significant announcements in outside investments and a resurgence in homegrown innovation – for example, Nucor's multi-billion dollar steel mill investment, Berkshire Hathaway Energy's five hundred million dollar renewable energy manufacturing hub development, and Marshall University's increasing enrollment and new focus on innovation in higher education that recently reversed a 13-year enrollment decrease.

This evolving backdrop offers a golden opportunity for local enterprises to grow and flourish. The state's abundant resources and commitment to local talent set the stage for businesses to harness their potential, carve a unique niche, and stand out amidst global competitors. It's not just about catching up anymore; it's about leading the way.

Parallel to this renaissance, West Virginia encounters a series of challenges poised to test its journey from good to great. A diminishing population hints at a contracted labor force and market size, while the aftershocks from the contraction of the coal and manufacturing sectors still reverberate, making substantial investments elusive. Moreover, specific geographical and infrastructural challenges need addressing to bolster local demand. However, every obstacle comes with an opportunity to innovate, adapt, and emerge stronger than before.

Historically, West Virginia's economy has leaned on models heavily reliant on external institutional investments and a continuous influx of capital. This often precipitated a cycle where local resources were extracted, and community stakeholders shouldered disproportionate burdens, leading to periods of instability and questions of long-term viability. Yet, rather than viewing this challenging past as an irreversible fate, it serves as a clarion call, beckoning a transformative approach for the future.

Bankable Loops is a fresh recipe for growing local businesses and helping the community's economy. Moving away from the conventional business structure, it views businesses not just as capital receivers but as active partners in a reciprocal relationship. The model's core tenets include keeping money local to amplify economic benefits and tapping steady revenue from consistent demand sources.

Bankable Loops champions stakeholder-centered economics, emphasizing horizontal collaboration among investors, businesses, employees, and consumers. This balance ensures collective participation in success, fostering mutual interests. By aligning with stable revenue streams, the model reduces business risks, bolsters investor confidence, and paves the way for beneficial terms and growth prospects.

Unique to this model is its democratized profit sharing, spreading the benefits of success across all stakeholders rather than a select few. This model reshapes traditional risk-reward dynamics, advocating for an inclusive, resilient, and sustainable economic landscape. In essence, Bankable Loops offers an innovative approach to business, underlining cooperation, joint growth, and long-term viability, ensuring everyone reaps the rewards of collective achievements.

Introduction

West Virginia has a rich history and a hardworking population, but it's no secret that the state is grappling with serious economic challenges. Local businesses often struggle to get off the ground, and many young people feel they need to leave to find opportunities elsewhere. The result is a vicious cycle where the lack of investment leads to more economic depression, which in turn scares off further investment. It's challenging, but the Bankable Loops model might offer a way forward. This isn’t just another business proposal. It's a fresh take on how we can keep money in the community, helping businesses grow and giving people good reasons to stay. Through a blend of financial savvy and a commitment to community, we hope to turn things around and create a thriving, sustainable future for West Virginia and other parts of the country stuck in a similar place.

When allocating capital, investors prioritize one or both of two fundamental criteria: a reliable risk-return profile with a high probability of consistent cash flow or an opportunity for growth with substantial upside prospects. However, these two investment goals are challenging in contracting or flat economies. The risk tied to steady cash flows is perceived as elevated, and growth potential appears restrained, especially when juxtaposed with more vibrant markets. This negativity that plagues investment opportunities also bleeds into real estate, operating businesses, start-ups, and other market sectors.

A compounding effect of liquidity further complicates this situation. In finance, investments often have an exit or a place when cash returns via a sale. In start-ups, this can be an IPO; in many other cases, this is simply a sale. Liquidity is relatively high in liquid markets like urban real estate, publicly traded stocks, or commodities where raw materials are in constant demand. It is easy to convert the asset you have back into cash, and it is easy to convert cash into an asset.

But in places investors have deemed too risky or unattractive, assets can sit on the market, and there is low liquidity and movement. This problem is seen most clearly in real estate in rural areas. Vacant buildings in formerly prosperous economic areas can sit empty for years, eventually deteriorating and becoming a liability. The same effect occurs when business owners want to sell their businesses for retirement on the secondary market. If the long-term cash flows are deemed risky or there is little upside potential, exits, and liquidity become difficult.

Low liquidity is often the result of a lack of institutional investment and secondary buyers. This liquidity issue not only hampers the agility of local enterprises but also negatively impacts an area's overall economic health by reducing investment demand.

The combination of these factors creates a scenario where the risk-return profile not only becomes unattractive for potential investors, but the lack of liquidity in the market also discourages investment, further stifling economic growth in the region.

Against this backdrop, we propose a new concept: an innovative approach to business and investment, known as 'Bankable Loops,' emerges as a potential catalyst for change.

Grounded in sound economic principles, Bankable Loops seeks to stimulate economic growth in regions held back by a lack of investment and liquidity by replacing the short-term approach of only looking at cash today. By emphasizing broad-based stakeholder participation and sustained local demand, a shift towards more balanced, sustainable growth could revitalize the local economy, providing a new dawn for business development and investment in the region.

To better understand Bankable Loops, we will first focus on the role of capital.

The Role of Capital

Capital in business economics is a dynamic force, simultaneously serving as a crucial resource for businesses to grow and, as that business grows, reaping the benefits for investors. In this way, capital operates as both supply and demand – money needs to find a place to grow, and businesses need money to grow. It is a symbiotic and "win-win" relationship when done correctly. This multifaceted role stimulates business growth and innovation while investors scour the landscape for promising expansion opportunities and yield returns.

With capital, businesses can invest in the necessary resources for survival and growth, fuel their operations, scale, and innovate. But the relationship between investors and businesses isn't one-directional. Just as companies are dependent on investors for their capital, investors, in turn, rely on businesses for a return on their money. A savvy investor seeks out productive avenues for cash, driving venture capitalists, banks, and individual stakeholders to constantly search for promising businesses that can offer a return on their investment, whether through interest, dividends, or an increase in value.

Businesses are not merely recipients of capital in this reciprocal relationship. Instead, they are active participants in a symbiotic relationship, sharing a mutual dependency on the benefits this relationship provides. This perspective is critical to fostering a balanced and fair business environment. A risk/return profile often defines the terms of investment. A restaurant investment is usually structured differently than a start-up designing an app or program to reach millions or billions of people.

Businesses need help when a mutually beneficial type of capital with a matching risk/return profile is unavailable. As in any market, suppliers can name their prices if capital supply is low and demand is high. This means businesses may be forced to accept terms that could be harmful in the long run and put undue risk on the company.

The role of capital further expands with the acknowledgment of its various layers and the associated yield expectations. As businesses or projects evolve and their risk profiles decrease, different types of capital, each with varying return expectations, come into play.

Consider the development of an apartment building as an example. In its initial stages as open land or a permitted property, it attracts high-risk-tolerant capital, like that from venture capitalists, which anticipates potentially higher returns. However, the associated risk decreases as the project advances, moving from construction to an empty building. This risk reduction opens the door to a new layer of capital, attracting more traditional forms like bank loans or bonds, expecting moderate returns.

Eventually, when the building is fully rented and produces steady cash flows, the risk diminishes further. This stability might draw in another type of capital, such as income-focused investors prioritizing stability and consistent yield over high growth. As the tenant mix improves and the cash flows become more predictable, the property's value rises, potentially enticing premium investors seeking low-risk, stable investment opportunities. Each step up in a business or project that connects to the capital with a different goal offers a significant upside or downside.

Thus, capital is an active player in the business world, with roles and impacts that evolve alongside the businesses and projects it supports. It maintains a symbiotic relationship with companies, not just as a “supply” but also as a “demand,” highlighting capital's reciprocal and multifaceted nature in business economics.

What are Bankable Loops?

Bankable Loops is a novel business model that merges the stability of established enterprises with the dynamism of early-stage startups.

Typically, new companies wield considerable flexibility in shaping their equity distribution and future profit structures. Start-ups exemplify this by allocating equity to pivotal players, including advisors, employees, founders, and even service entities, like law firms facilitating significant fundraising rounds.

This groundbreaking approach is designed to reinvigorate economies, especially in areas craving resurgence. It challenges the age-old business narrative, framing businesses as beneficiaries of capital and equal collaborators in a mutually beneficial ecosystem. Such a shift in perspective drives sustainable practices and fair investment conditions, laying the foundation for a robust and enduring economy.

Bankable Loops merges the stability of established enterprises with the dynamism of early-stage startups. In places like West Virginia, where economic challenges persist, initiating a viable business becomes a Herculean task due to the perceivably high risk involved in investments. Local businesses, which potentially hold the key to stimulating the economy and establishing strong companies, often face exorbitant terms that make investments nearly unfeasible. Traditional financial entities, like banks, might require businesses to put up 100% collateral against loans, placing a weighty burden on emerging enterprises. Similarly, venture capital, which generally seeks robust returns, may shun these businesses or demand an unreasonably large stake in the company.

This financial impasse stifles economic growth. Alternative investment models like Bankable Loops can navigate these investment challenges and provide a more feasible and supportive platform for local businesses to thrive.

Central to Bankable Loops are two cardinal principles:

- **Local multiplier effect**: An emphasis on retaining monetary resources within the local economy, magnifying the overall impact
- **Stable revenue streams**: A focus on key players' consistent demand and spending prowess, ensuring that essential commodities like food and clothing remain at the heart of this model and guaranteeing a steady revenue influx

Shifting from the conventional top-down hierarchy, Bankable Loops nurtures a lateral relationship among its stakeholders: investors, operators, employees, and consumers. This equanimity creates a symphony of collaboration, aligning interests across the board. Customers and their regular income streams enrich the capital base in this harmonized framework. The result? A model where all players revel in the success of a venture.

Bankable Loops also emphasizes actual market demand, assuring immediate gains and future sustainability. This encourages stakeholders to remain integrally involved, often unveiling unforeseen expansion avenues. One of this model's standout features is its risk management prowess, providing a fertile ground for enduring business growth. Tying businesses to long-lasting, reliable cash flows eliminates the erraticism that plagues many investment avenues. This clarity bolsters investor trust, enabling businesses to strike advantageous deals, resulting in low-risk collaborations.

However, what truly distinguishes Bankable Loops is its democratization of capital gains. This model eschews the conventional concentration of profits, spreading success benefits across all stakeholders. It fosters an inclusive, resilient, and thriving economic landscape by diverging from orthodox risk-reward paradigms.

In essence, Bankable Loops offers a refreshing departure from the customary business blueprint. It champions teamwork, mutual prosperity, and longevity. Aligning all stakeholders within a symbiotic ecosystem charts an alternative route for rejuvenating economies, assuring a scenario where everyone shares the spoils of success.

To frame up the layers of Bankable Loops and their benefits, we will break into three key focus areas and their uses:

1) Stakeholder ties via equity and contracts
2) Access to capital (at better terms)
3) Seeing and reaping the long-term benefits

Stakeholder Ties via Equity and Contracts

The essence of Bankable Loops hinges on establishing symbiotic relationships.

As a tangible example, imagine a local bakery strategically aligning itself with a nearby university or local academic system. Envision this bakery diligently catering to the school's regular demand for bread, fulfilling the cafeteria's needs, and supplying for various events. The bakery benefits from consistent demand and local advantages and is also designed for efficiency, ensuring competitive market prices.

More importantly, the dynamic extends beyond a simple vendor-client transaction. Here, the college isn't only a customer but an invested stakeholder, directly benefiting from the bakery's successes. This relationship doesn't just fortify the bakery's foundation but ripples outward, positively impacting the local economy. A new bankable business directly and indirectly impacts jobs by hiring staff and creating a demand for external logistics and support, such as local lawyers, accountants, and other local services. It also bolsters real estate stability by utilizing and upgrading previously empty industrial space. These combine to create a cascade of growth opportunities.

The effect is akin to meticulously placing dominos, anticipating the mesmerizing pattern they'll create once toppled. Before setting the chain in motion, one must ensure the dominos are positioned correctly, priming them for a long-lasting, harmonious fall. Similarly, Bankable Loops sets the stage for businesses, enabling them to stand firm, envision, and navigate a sustainable growth trajectory. Our bakery example, for instance, allows for a platform that can be expanded in sales to other clients, local stores and restaurants, or even packaged goods. Once a platform has overcome the significant upfront needs for capital that are accompanied by risk, there are vast opportunities for growth and expansion.

Bankable Loops take a portion of a new company's equity and create strong ties with the various stakeholders in a business. A standout feature of Bankable Loops is equity allocation to early adopters. Our bakery example could include an allocation of equity to the university's endowment. Issuing dividends or appreciating stock value benefits the school's budget and financial well-being in the long term. Companies can offer these stakeholders a piece of the upside, balancing the risk-return profile and establishing a win-win relationship. Such relationships aren't limited to customers; employees, founders, and investors are all integral to this ecosystem. This democratization of success enables everyone to share in the business's growth and prosperity, marking a shift from traditional risk-return profiles.

This won't be possible across the board; such an arrangement would be more difficult, for example, with suppliers of commodity-like goods. But with key drivers of value, such as large customers, the community around the business, and the essential stakeholders in enabling the company, a Bankable Loop of relationships can make a business less risky and foster more long-term stability.

In our bakery example, the college could benefit as a first Bankable Loop partner via reduced pricing or special dividends proportional to the college's ownership. This equity, over time, could even enhance the college's endowment. The arrangement supports the bakery's organic growth while simultaneously ensuring its viability.

Access to Capital (At Better Terms)

Raising start-up capital is difficult for any business. In economically depressed areas, it's an almost insurmountable obstacle, resulting in viable and high-potential business ideas failing to launch.

By demonstrating a creative approach to risk mitigation, new companies will have access to an array of previously deemed impossible options. This often goes back to the above issues of growth prospects or the bankability of a cash flow. Investors are looking for a return and, eventually, an exit. Global markets are hard to compete with, and small, viable businesses need a long-term equity story or investment pitch to excite investors. Crafting a solid story for investment is where the de-risking benefit of Bankable Loops comes into play.

By leveraging Bankable Loops with the long-term viability of a business, owners, and entrepreneurs can strike more favorable terms with investors (or, in many cases, for economically struggling areas, unlock capital in the first place). The key lies in aligning businesses with stable, reliable revenue sources in the form of customers — bankable cash flows — thereby laying a solid foundation that instills confidence in potential investors. Notably, the model enables businesses to secure long-term contracts with institutional buyers, thereby de-risking projects even before they commence. Bank financing or debt with a clear pay-off strategy to fund equipment or begin operations becomes available – in an advanced or more mature market, funds and capital looking for Bankable Loops as a place to deploy capital could arise.

This idea is well-versed and already known in finance. The venture capital industry's success, especially in the United States, is a testament to the principles Bankable Loops aims to adopt. Innovations like Simple Agreements for Future Equity (SAFE) notes and other structured financial instruments have spurred extraordinary growth in the startup ecosystem after investors learned they could achieve stellar returns by betting on the right company. By standardizing investment processes, venture capital has empowered entrepreneurs to focus on scaling their businesses and nurturing an environment ripe for innovation, economic growth, and job creation.

A critical goal of Bankable Loops is to create a structure that facilitates the same capital availability for local innovations.

Seeing and Reaping the Long-Term Benefits

Bankable Loops emphasizes tangible financial returns and “impact returns” that enrich a community. In contrast to the traditional capitalist model, which often externalizes costs to the detriment of local industries, Bankable Loops champions the spotlighting of “externalized benefits.” This approach prioritizes inherent advantages that ripple through communities, amplifying financial gains for all stakeholders.

At its heart, Bankable Loops is deeply intertwined with community values. It fosters dynamic horizontal partnerships, integrating businesses, capital suppliers, and customers into a seamless network. Traditional roles are reimagined: a community-focused buyer evolves from a mere customer to a pivotal stakeholder, deeply invested in the fortunes of local enterprises, such as our hypothetical bakery.

This interconnectedness extends beyond mere commerce, enriching the societal fabric with a blend of tangible and intangible benefits. When businesses prosper, they catalyze job creation, instilling renewed hope and optimism, leading to the appreciation of real estate values and buoyant economic activity. Our model embodies the philosophy "a rising tide lifts all boats," championing collective success in which every community member participates in shared prosperity.

By leveraging local assets — from resources to real estate — businesses drive a positive feedback loop, revitalizing their communities. This fosters a landscape wherein capital suppliers can offer more generous terms, ensuring a fair distribution of the rewards among all involved.

By championing local resources, employment, and real estate, businesses initiate a positive feedback loop within their communities. Such a landscape allows capital suppliers to offer more lenient terms, ensuring that the rewards are equitably distributed among the Bbankable Lloop's participants, with less cash and value leaving the businesses and more being invested in the long-term value of the stakeholders.

In its essence, Bankable Loops heralds a transformative shift towards a stakeholder-centric economy. This ethos, deeply rooted in mutual growth, collaboration, and sustainability, can potentially transform stagnating regions into hubs of innovation and prosperity. More than a mere model, Bankable Loops is also designed to produce hope, a movement that underscores the symbiotic relationship between businesses and the communities they serve, emphasizing that true success lifts everyone via community cohesion. It pioneers partnerships that dissolve traditional hierarchies, weaving businesses, capital suppliers, and customers into a singular, horizontal tapestry.

Local Capital Circulation and Bankable Loops

Capital often becomes an extraction tool under traditional investment paradigms, primarily when sourced externally. When outside funding is pumped into local projects, it creates a dichotomy: while the local project receives the immediate benefits of financial injection, the eventual dividends, profits, and cash flows tend to be siphoned out of the region. This implication is more profound than mere numbers on a balance sheet. When these gains flow outwards, the local economy is stripped of the potential multi-layered benefits that could be reaped had the gains been reinvested locally.

Bankable Loops is acutely aware of this conundrum and has set its sights on remedying it. The initiative isn't advocating against external capital; such funds can significantly kickstart local enterprises that otherwise might struggle to secure the necessary financial backing. However, Bankable Loops seeks to rebalance the scales, emphasizing the importance of retaining and recirculating a significant portion of the profits within the local economy.

The benefits of this local capital circulation are manifold. Firstly, when funds remain within a local setting, they have the potential to be reinvested in other burgeoning projects or sectors, compounding the positive impacts on local employment, infrastructure, and community development. Secondly, with capital staying in the region, the profits and dividends become a source of local wealth, creating a reinforcing cycle of prosperity that uplifts entire communities.

Another subtle yet powerful advantage is the ripple effect. When the beneficiaries of a project's success spend and invest locally, it spurs a chain reaction of economic activity. From local shops seeing increased business to real estate becoming more vibrant and even schools and community projects receiving better funding, the ripple effect translates to a holistic uplifting of the region.

The Bankable Loops model strives for a more harmonious and symbiotic relationship between capital and community. It champions a sustainable, self-reinforcing development model by ensuring that a significant part of the economic gains from local projects are retained and recirculated within the local economy. This ensures that regions can stand on their feet and fosters a sense of ownership and pride among locals, who see the direct benefits of their projects in their everyday lives.

The “Why” Behind Bankable Loops

The underlying principle of Bankable Loops stems from the desire to replicate the low-risk, high-growth environments that stimulated America's now economically lagging regions. These regions are fraught with an oversupply of old buildings and houses and a disjointed relationship between capital and resources to promote innovation. The fundamental purpose of Bankable Loops is to present an irresistible offer to investors: a risk-return profile that combines profits with positive social impact, genuinely embodying the principle of "doing well by doing good." This is not solely altruism; the local college in our bakery example would benefit from fewer vacancies, a strong economy, and organic growth around the school when recruiting students or dealing with their local communities.

Drawing inspiration from the successful frameworks of venture capital that have driven the startup ecosystem's growth in the United States, Bankable Loops’ aspires to create a similar foundation for high-impact, high-potential projects while ensuring a solid double-digit internal rate of return for all stakeholders. This initiative pursues three primary objectives:

1. Spur economic opportunities by bridging capital, opportunities, and skill-building activities with local communities, leveraging long-term cash flows' stability and growth potential.

2. Encourage growth capacity for local businesses by providing a sustainable model incorporating local real estate, capital, and human resources, thus fostering a thriving enterprise that contributes positively to local economic development.

3. Establishing a scalable model that can be replicated in similar regions needing economic revitalization.

Bankable Loops transcends being a mere economic model; it's a philosophy that could be studied academically, disseminated widely, and used to spawn consulting and service opportunities, thereby expanding its benefits beyond regional boundaries.

By redefining the conventional business model, we aim to establish a sustainable economic system that values and benefits all participants. The Bankable Loops model goes beyond mere financial gain; it facilitates communal growth, shared success, and the creation of opportunities that can reinvigorate West Virginia's economy. This is a collective endeavor. Together, we can build a stronger, more resilient community that is better equipped to face future economic challenges. It's not just about individual success but building a brighter future for all. In unity, there's strength - and we are undeniably better together. In essence, Bankable Loops aims to demonstrate that economic prosperity and social impact are not mutually exclusive but can – and should – go hand in hand.

Recommendations - What can we do?

The prospect of applying the Bankable Loops model within a high-need economic context presents a compelling opportunity. By leveraging the consistent spending of reliable entities, such as public universities and public school systems or state governments, we could establish a platform for resilient businesses.

To navigate this transformation effectively, here's a step-by-step guide to building upon these ideas:

1. **Feasibility Assessment**: Examine the types of businesses that could thrive locally. Focus on those that could strategically utilize real estate, employ local workers, and meet immediate demand while fostering potential for future growth.
2. **Stakeholder Discovery and Analysis**: Identify key local entities that could form a stable demand base. These could range from educational institutions and government bodies to large local employers and more. These stakeholders will provide consistent demand and potentially contribute to the capital stack, encapsulating the essence of Bankable Loops.
3. **Needs Assessment**: Conduct a comprehensive study to understand the community's immediate needs that a new business could address. This will facilitate the establishment of a business with direct relevance and value to the local community.
4. **Market Research**: Understand the spending habits of potential stakeholders and align the new business with these existing patterns. This will help create a business model that syncs with the local economy's dynamics.
5. **Strategic Planning**: Begin outlining how to execute a new business. This might involve drafting a business plan, sourcing initial capital (with a critical portion coming from identified stakeholders), and planning the logistics of the business operation.
6. **Prototype Launch**: Initiate a prototype with a long-term buyer and a capital source. This is a crucial step to showcase a proof of concept, demonstrating the business model's viability and providing an early testament to the transformative potential of the Bankable Loops model. The success of this prototype would further boost investor confidence and encourage wider adoption.
7. **Future Designing:** Combining all the above could result in innovative public-private partnerships. For example, municipal or state bonds that fund projects that pay a return, raise the tax base, and reduce costs by a growing economy

In summary, the innovative concept of Bankable Loops has the potential to bring about transformative change in regions looking for homegrown economic growth. Focusing on local demand, leveraging stable revenue streams, and aligning stakeholders' interests provides a blueprint for sustainable economic development. With the added emphasis on the practical implementation of a prototype, we are closer to realizing this potential. Meticulous planning and diligent execution based on these recommended steps are essential for this transformation.

As we venture into this new economic frontier, Bankable Loops is a promising solution for regions with legacy assets and infrastructure quickly deteriorating and becoming a liability. Shifting focus from supply to demand and involving stakeholders in the capital stack fosters an environment for organic growth. Envision a local bakery thriving thanks to a steady demand from a nearby college, with the college also sharing in the bakery's success. Now imagine that business model being replicated over multiple verticals, industries, and opportunities in manufacturing, IT, innovation, and more.

This is the essence of Bankable Loops – an alignment of interests mutually benefiting all involved. We encourage potential partners and investors to join us on this transformative journey toward building resilient local economies.

Examples of Bankable Loops vs. Current Models

	Traditional Model	**Bankable Loop Model**
Risk	High: Investments often bring significant risks, especially in economically depressed areas.	Low-Moderate: Aligns interests and resources, fostering stable, mutually beneficial relationships that mitigate financial risk.
Capital Sources	External: Relies heavily on outside investment, which may extract value from the local economy.	Internal & External: Leverages local investment first, keeping wealth circulating within the community while also being open to external funding.
Investment Terms	Often Harsh: Due to perceived risk, terms may be unfavorable, such as demanding 100% collateral.	Equitable: By ensuring all stakeholders are vested in the venture's success, terms are structured to be fair and supportive to all.
Economic Impact	Variable: Can lead to wealth extraction and perpetuate economic disparities.	Potential High Positive Impact: Ensures that generated wealth circulates locally, contributing to a multiplier effect that can uplift the entire economy.
Profit Distribution	Top-Heavy: Profits are usually distributed among top-tier stakeholders, potentially overlooking smaller investors, employees, and the community.	Inclusive: Aims to distribute profits more equitably among all stakeholders, including investors, employees, and the community.
Community Involvement	Often Low: Community may be viewed more as consumers than active stakeholders.	High: Engages the community as integral stakeholders, involving them in decision-making and ensuring their needs and contributions are valued.
Sustainability	Not Guaranteed: Sustainability may be	Prioritized: By balancing growth with

	compromised for higher, quicker returns.	stability and considering the needs and capacities of all stakeholders, the model inherently leans towards sustainable development.

Conclusion

Bankable Loops stands out as a potential game-changing model for long-term sustainability and value creation, especially in economically beleaguered areas like West Virginia. This model provides a clear and feasible path through the often tumultuous landscape of start-up finance and sustainable development by blending the reliability of mature enterprises with the lively spirit of early-stage start-ups, thus crafting a stable yet progressive business climate.

In an environment where perceived risks stifle traditional financial support from banks and venture capitalists, Bankable Loops introduces a sustainable, cooperative ecosystem that ensures all community members, not just the upper echelons, enjoy the fruits of collective triumph. It prioritizes equitable, community-centered business development, uplifting not just individual entrepreneurs but the entire local economy, creating a self-sustaining economic loop and paving a way toward breaking the harsh cycle of economic stagnation, sowing seeds of growth, stability, and prosperity where they are needed most.

A notably small, dedicated cohort of decision-makers and entrepreneurs can magnify the impact of the Bankable Loops model, sparking substantial change and initiating a straightforward yet revolutionary experiment in local economics. The coalescence of motivated entrepreneurs, mindful investors, and a supportive community aligned with their interests and purposefully establishing a stakeholder economic base broadens the horizon of possibilities. This alliance does more than facilitate shared financial gain; it builds a robust, sustainable economic network that enables communities to flourish despite historical difficulties.

This model ensures economic benefits circulate within the community rather than being siphoned off by external forces, mitigating daunting investment barriers and spreading success across the community. By establishing a perpetual cycle of prosperity, areas like West Virginia can rise from economic distress to stability and wealth, potentially providing a replicable framework for sustainable development in similar regions worldwide. This demonstrates that purposeful, joint investment in local economies is both feasible and significantly transformative.

Integrating the concept of experimentation that often goes with entrepreneurship, the implementation of the Bankable Loops model becomes not just a strategy but a necessary experiment that must unfold, providing a tangible, real-world test bed to glean insights, assess impacts, and refine approaches, thus opening up a new chapter in innovative, community-centric economic strategies and potentially rewriting the narrative for struggling economies, like those in West Virginia, through tangible action and collaborative investment.