

Ethix Merchant Services

Oakland, United StatesOakland, United States



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Website:

<http://www.ethix.com>

- [Corporate social responsibility](#)
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Project Summary

Elevator Pitch

Concise Summary: Help us pitch this solution! Provide an explanation within 3-4 short sentences.

Ethix processes debit and credit card transactions at the industry's lowest rates and then delivers 25% of our total revenues to non-profits and community organizations selected by our merchant clients. Saving businesses money and converting fees to funds for communities nationwide.

About Project

Problem: What problem is this project trying to address?

Ethix delivers a powerful fundraising tool to non-profits and community organizations that are trying to raise money in the face of budget shortfalls and declining charitable donations. We do this by redirecting funds that would otherwise be absorbed into the financial services industry back into local communities. Every dollar kept local and spent local delivers 4 times the economic benefit to communities than dollars that are taken into large corporate structures. Ethix also addresses the need for ethical standards in banking and re-purposed business models that make social impact part of their bottom line.

Solution: What is the proposed solution? Please be specific!

We process credit and debit card transactions at the industry's lowest rates and then deliver 25% of our total revenue from each merchant account as residual, monthly, non-stipulated income to a non-profit or community organization selected by the merchant client. We save businesses money, deliver residual income to non-profits, keep money local and allow consumers to give back with every swipe of their card. Our fees structure is transparent and easy for merchants to understand and our value system puts community first.

Impact: How does it Work

Example: Walk us through a specific example(s) of how this solution makes a difference; include its primary activities.

Our home city of Oakland provides a great model of how this works and what I spend much of my time working on. I developed and am implementing our community partnership program. This allows any organization, regardless of non-profit status, to introduce Ethix to an existing network of merchants as a way for them to save money and help the introducing organization raise money for programs that support the neighborhood. Here in Oakland we are working with the Oakland Merchants Leadership forum which is the umbrella body of all the Oakland District Associations. We are working on a city wide outreach to all merchants affiliated with their local association in order that they may participate in the Ethix Program. Our infrastructure allows us to divide a merchants monthly donation 5 ways. This means that merchants can participate in a

program that saves them money, delivers a portion of their donation to their local neighborhood association, a portion to their city wide merchant association, the OMLF and a portion to a cause of their choice. In this way we can deliver a residual, reliable income stream to the organizations that are working to bring economic improvements and support businesses in their areas. We are also funding local schools and other organizations supported by local merchants and their associations. These organizations are typically conically underfunded and this is money that comes to them at no cost to the participating businesses. It's a win, win, win for business, the organizations that support them, local non-profits and consumers.

Sustainability

Marketplace: Who else is addressing the problem outlined here? How does the proposed project differ from these approaches?

There are a couple of other companies in our space. The most notable and largest of these is Dharma. Dharma delivers 10% of profits to green causes and is working on making their model more flexible and transparent so merchants can select the recipient of their donation. Another example would be Hope Merchant Services which is local to our operations here in Oakland. They are largely responsible for driving the Oakland Grown loyalty card program that many merchants participate in. We are different in that we go a huge step further in the amount that we donate and we also create a system that is entirely flexible, agnostic and transparent. Loyalty cards have high processing fees for the merchants and lock consumers into using a particular card. Profit based donations are uncertain.

Team

Founding Story

We are on a mission to prove a point and that is... It is possible to take existing models in our financial service industry and carve out a huge chunk of revenues to put back into growing the communities where the economic activity is originated. Our current financial services industry serves to extract wealth from the local level and deliver it to institutional wealth holders in the form of shareholders, executives and so on. We believe that making and proving this point and building our brand on the success we are having doing that will raise the bar across a multi-billion dollar industry and ultimately drive the return of billions of dollars back into local communities. Communities and the people who create them are not being appropriately represented by the financial institutions that serve them. We want to change that and provide a solution that is both profitable as an enterprise and responsible to each community and individual that we serve.

About You

About You

First Name

Sara

Tell us about yourself/your team.

A passionate social entrepreneur pragmatically grounded in using the economy we have to get the economy we want. I believe in utilizing the power of the purpose driven brand in the age of social media to support the introduction of re-purposed business models that broaden the bottom line to include social impact. We are a small but quickly growing team of very excited and broadly talented intrapreneurs with the technology, communications, marketing, industry and start-up experience to really make things happen.

What makes you an intrapreneur? What are the skills, capabilities, and personality traits that make you an intrapreneur?

I started my career with Accenture in London and learned a couple of important things that have charted my course ever since. Firstly, a solid foundation in business and technology and the ability to navigate existing organizational systems and cultures is critical to change-making. Secondly, change is born through innovation but must ultimately come from within. I have learned to apply the skills that I learned working in large financial services organizations to the creation of an alternative model that rides on the tracks of the traditional economy but applies a different value system and drives better social and local outcomes. I am a skilled communicator of a vision of a future in which we can all share and a competent executor of a framework that will support it.

About Your Organization

Company Country

, CA, Oakland, Alameda County

Primary country where this project is creating social impact

, CA, Oakland, Alameda County

Additional countries or regions

The Continental United States

Industry

Finance, Insurance, Real Estate

The information you provide here will be used to fill in any parts of your profile that have been left blank, such as interests, organization information, and website. No contact information will be made public. Please uncheck here if you do not want this to happen..

Innovation

Select the stage that best applies to your solution

Growth (your pilot is up and running, and starting to expand)

The Solution: Why is this solution innovative for your company and industry?

Several merchant services companies donate a percentage of their profits or "proceeds" to charitable causes. This real numbers associated with these CSR programs are difficult to discern as most merchant services firms do not exist to make profits and service shareholders. Returning 25% of gross revenues is unheard of and completely transparent as every merchant knows every month exactly how much he/she paid in fees and the corresponding value of the 25% donation.

Impact

What has been the impact of your solution to date?

We are in the early stages of growth having launched the brand and opened our office in early September. Already however we are boarding accounts on behalf of our own local district association, Jack London District Association and will be a significant factor in their efforts to complete their CBD/BID application. This will have a meaningful impact on local business development, neighborhood improvement and employment in the area. More broadly we are working with organizations such as Missy, NCLR, Thrive, YEAY Foundation, Cycles of Change to develop outreach initiatives to their communities and support their fundraising efforts. I am largely responsible for driving these initiatives and we have been incredibly well received by the organizations that I have approached with the intention of implementing our early community and non-profit partnership programs. By way of example. We have boarded 3 merchants on behalf of the JLDA contributing approx \$150 per month residual income.

What is your projected impact over the next 1 to 3 years?

Over the next 3 years we will grow our operations exponentially through internal and external sales operations. We will also create teachable models for community and non-profit partnerships that allow organizations to take Ethix into their own community and benefit from our program. What we are working on now in Oakland, a city wide outreach that will funnel tens of thousands of dollars back into community development every month, can be replicated in cities and towns across the US with support from our team of community representatives and sales support staff. The benefits are local and will be defined by the organizations that utilize Ethix. We are a tool that can be used to further any mission in any town in any state across the US.

What barriers might hinder the success of your project? How do you plan to overcome them?

As a start-up we are faced with the challenge of reaching break even point for revenues and expenses. We currently burn about \$50k per month and have revenues that are dwarfed by that. The deal flow and sales cycle mean that we are a pipeline sales model with a 30-90 close on accounts. We are planning for this by pursuing multiple options for supplemental funding. Debt capital that is available from FTS, our acquiring partner, an SBA loan, conversations with early sage investors and social impact venture funds. Another challenge is the core assumption at the center of our business model. That the social impact component of our brand is a compelling motivator for merchants to switch providers. This is where we have taken a leap of faith.

Sustainability

What is the benefit or value you're creating for your business?

I bring 18 years of experience in financial services consulting, marketing and communications. Prior to founding Ethix, I ran a strategic communications firm focused on delivering brand and business strategy to purpose driven organizations. I am the main interface between Ethix and our local and broader community. I am operating on a skinny budget so I get creative and leverage relationships and my own skills at networking to build and grow our brand. Our brand and messaging is critical to our success. It looks great and is getting results.

How are you leveraging internal resources (funds, time, knowledge, etc.) to support this initiative?

We have a small team of skilled entrepreneurs who are vested in the business and our angel investor is also a strategic partner with a strong interest in our success. I have access to deep skills in technology, this industry, operations, accounting and we have full administrative support. We are all on skinny start-up pay:) I have secured opportunities through networking such as the Oakland wide merchant initiative and a 45 second television commercial that we were selected for by SFDFS. My partners are awesome and committed and brilliant and we build off one another's energy and drive every day in the office. It's pretty great!

Expand on your answer, explaining the long-term funding and support plan.

Current invested funds are budgeted until the end of December. At that point we become eligible for \$50 in debt capital from FTS, our acquiring partner, for every \$5k increase in our monthly revenues. We have completed an application for an SBA loan and are in conversations with a couple of early stage investors and venture funds. We are expecting to go cash flow positive in month 13 of plan and are building a contingency around that will carry us through another year of capital supported growth.

Tell us about your partnerships across your company and externally that are key to your project's success.

The partnerships at the core of the company, those that exist between the founding partners are at the heart of what we are doing and are central to our success. The values of shared commitment, social impact, interpersonal respect, health and well being and open communications are very much in evidence in our working relationships and in the environment that we create in the office. This is probably the aspect of the company of which I feel the most proud at this point.

What internal support have you gotten for your project? What kind of push-back have you received?

I have the full support of my partners in this venture. They have consistently shown a great degree of confidence in my work. We are very collaborative so most outcomes involve a conversation but there is little in the way of push back. I have been able to clearly express my skills and my experience in the creation of the brand and messaging and in the development of the partnership programs but in the context of the ongoing input and support of my colleagues.

