



REQUEST FOR PROPOSALS

Investing in Entrepreneurial Diversity for California's Safety Net

Request for proposals available	April 24, 2020
Proposals due	June 5, 2020
Grant recipient announced	June 26, 2020
Project begins	July 6, 2020
Project ends	August 31, 2020

I. About the California Health Care Foundation

The California Health Care Foundation (CHCF) is an independent philanthropy dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly those with low incomes and those whose needs are not well served by the status quo. We work to ensure that people have access to the care they need, when they need it, at a price they can afford.

II. About the CHCF Innovation Fund

Launched in 2011, the CHCF Health Innovation Fund (Fund) invests in emerging companies to bring the best innovations and technology to the providers, health systems, and payers serving Californians, particularly within Medi-Cal, the state's Medicaid program. The fund invests in mission-aligned, venture-backed technology companies that are well-positioned to scale in California. The fund makes a direct financial investment in the company and offers grants to safety-net partners to support adoption. To learn more about the fund and portfolio of companies, visit the website at:

<https://www.chcf.org/resource-center/innovation-fund/>

III. Request for Proposals

Of the 16 companies in CHCF's current Health Innovation Fund portfolio, only two were founded by a person of color and none were founded by women. Within the broader investment field, a disproportionate share of venture investment is made in companies whose founders are either white or male.ⁱ

CHCF is committed to diversifying the leadership of health technology companies in its portfolio and would like to explore opportunities to better support women and entrepreneurs of color. The purpose of the fund is to improve access to care for all Californians and 50%, 39.3%, 17.5%, and 6.5%ⁱⁱ of those Californians are women, Latino, Asian, and Black. While demographic characteristics of a company's leadership is not solely determinative of its success, research suggests that perspective matters and that diversity leads to more creative teams and better financial outcomes.ⁱⁱⁱ We believe CHCF will have more impact on access to high-quality care if our partners reflect the demographics of the overall Californian population.

This request for proposals (RFP) is intended to select a grantee that understands the drivers of limited diversity among emerging health technology entrepreneurs and can recommend activities aligned with CHCF's mission and resources that will bolster that diversity.

CHCF has had exploratory conversations with several leaders in traditional investment firms and social impact organizations and produced the following short list of identified problems and associated potential strategies to address them. Our team welcomes the selected grantee to consider these, along with new ideas not currently listed, in a final recommendation:

1. ***Emerging health care companies with diverse leadership exist, but CHCF is not connecting with these companies in the marketplace.*** Increase the number of diverse health care companies in CHCF's pipeline and portfolio by increasing our marketing activity, by partnering with traditional investment firms with more deal flow and visibility, and/or by partnering with community-based investment firms and programs solely focused on growing companies with diverse leadership. Consider setting formal goals for the number of companies with diverse leadership in CHCF's portfolio.
2. ***Emerging health care companies with diverse leadership exist, but at the pre-seed and seed stages, upstream of CHCF's current focus.*** Build an alternative investment vehicle that allows CHCF to support pre-seed and seed stage companies, where the number of companies with diverse leadership is greater. Help those companies tap into traditional investment networks in order to grow.
3. ***Diverse entrepreneurs require more than capital to succeed.*** They need access to networks of investors and serial entrepreneurs who can help build their businesses and tap commercial funding. Support accelerators/incubators, mentorship programs, and networking opportunities focused on building the capacity of health care entrepreneurs who are women and persons of color.
4. ***The lack of diversity among health care entrepreneurs is a problem at scale across California and the country.*** CHCF alone is not going to solve this problem. We are best positioned to support the development of research, toolkits, and data that make the problem transparent and inform decisionmakers on ways to address it. As part of the fund's commitment to knowledge development, create a research and communications agenda, collect and analyze data lacking in the field, bring attention to disparities and discrimination in health care investing, and influence others to make important changes.

IV. Project Participants

Direct CHCF project participants: CHCF staff that actively support diversity, equity and inclusion efforts both within CHCF and in the safety net, Health Innovation Fund staff, Senior VP of Programs, Learning and Impact staff, Chief Talent Officer

Potential interviewees: community-based investors, investment programs focused on supporting diverse entrepreneurs, researchers focused on diversity in investing and/or business; health care entrepreneurs who are women and persons of color

Note: The fund will do its best to help source interviewees but is looking for a consultant with existing contacts and knowledge about investing.

V. Project Activities

Activities expected from the consultant may include:

- **Kick-off meeting** with CHCF to finalize the objectives, workplan, and deliverables
- **Literature review** regarding the lack of persons of color and women in health care business, technology, and entrepreneurship
- **Interviews** with field experts including investors, entrepreneurs, CHCF staff, and CHCF Health Innovation Fund advisors
- **Biweekly check-ins** with CHCF during the project
- **Interim update** to share initial findings, solicit CHCF feedback, and iterate on format of deliverables
- **Final deliverables** due by close of project (see specifics in next section)

CHCF welcomes the grantee to suggest revisions and additions to this list of activities.

VI. Project Deliverables

The selected grantee will produce recommendations for CHCF activities to support entrepreneurs that are women and persons of color, based on the approach outlined above. The grantee should document recommendations in the following deliverable formats and may suggest additional deliverables such as an infographic for social media:

- Narrative document (no more than 10 pages)
- Presentation deck (no more than 20 pages) for conversation with key internal and external CHCF stakeholders

The deliverables should include:

- A brief summary of background research, including:
 - Statistics on demographic differences between California’s population and entrepreneurs who receive venture capital funding
 - Evidence that diverse leadership matters in a company’s ability to be successful in diverse markets
 - Insight into the drivers of disparities, based on available research and interviews with entrepreneurs
 - A landscape of existing efforts to support diversity among entrepreneurs, preferably in health care or technology and in California
- A summary of the value of diversity of entrepreneurs in health investing including talking points that CHCF can use in external conversations with investors
- A recommendation and rationale for how CHCF should move forward to have the most impact, including its potential objectives, its potential partners, and the level and type of resources required to execute the strategy

V. Budget

Applicants should include bids consistent with completing all work described, in the range of \$60,000.

VI. Proposal Packet

Include the following materials in the proposal packet, **using CHCF templates and forms** that can be found here: <http://www.chcf.org/grantinfo/solicited>:

1. Proposal cover sheet.

2. Proposal narrative. The proposal narrative should be three to five pages of text. The proposal narrative should describe:
 - a. Overall project design and approach. In your proposal, please discuss the approaches you would use to complete the activities outlined in this RFP.
 - b. Work plan and deliverables for the project. Please describe responsibilities, time frames, and deliverables based on the activities described above.
 - c. The qualifications, capacities, and roles of key team members. Describe individual team members' relevant experience with investment/venture subject matter and with diversity, equity, and inclusion.
3. Budget form and budget narrative description. Please submit a detailed budget and budget narrative.

VI. Proposal Submission

Proposals must be emailed in one PDF file to Apryl Rhinehart, program associate (arhinehart@chcf.org), no later than 3 PM Pacific Standard Time on June 5, 2020. Proposals will be acknowledged by a return email within 24 hours. *Hard copies will not be accepted.*

Women and persons of color are encouraged to apply. For questions about the project or the proposal submission process, contact Apryl Rhinehart at arhinehart@chcf.org.

VII. Selection Criteria

The review committee will use the following criteria to assess proposals:

- Proposed project design and approach
- Previous experience working on similar projects and with similar audiences
- Appropriateness of proposed budget and project timeline

ⁱ Disproportionate share of venture funding awarded to companies founded by men, specifically white men.ⁱ According to PitchBook Data, more than \$68 billion in venture funds went to startups founded by men in 2017, versus \$14.2 billion that went to companies started by at least one woman. According to funding-data provider Crunchbase, women accounted for just 9% of US-based venture capital partners at the end of last year, and a 2015 analysis of more than 200 firms by then Venrock vice president Richard Kerby found that black investors made up 1.5% of the venture capital industry (<https://www.wsj.com/articles/new-venture-funds-focus-on-diversity-1528824740>).

Reported by JPMorgan Chase in 2018, women of color are the fastest growing segment of entrepreneurs, yet they receive less than 1% of all venture investment (<https://news.jpmorganchase.com/news-stories/digital-undivided>). Venture and investment fields are dominated by white men who decide which companies to invest in. In 2017, venture capital investment reached \$84.24 billion, a height not seen since the dot-com bubble of the early 2000s. The data from RateMyInvestor and Diversity VC covers a survey of the seed to Series D investments made during that year from what the two organizations selected as the top 135 firms by deal activity. Those firms invested in 4,475 companies, which collectively included 9,874 cofounders, according to the report. Of those cofounders, only 9% were women, while 17% identified as Asian American, 2.4% identified as Middle Eastern, 1.9% identified as Latinx, and 1% identified as Black (<https://techcrunch.com/2019/02/12/investors-are-still-failing-to-back-founders-from-diverse-backgrounds/>).

ⁱⁱ "Quickfacts: California," US Census Bureau, n.d., <https://www.census.gov/quickfacts/CA>.

ⁱⁱⁱ "Why Diversity Matters," McKinsey, January 2015, <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>.