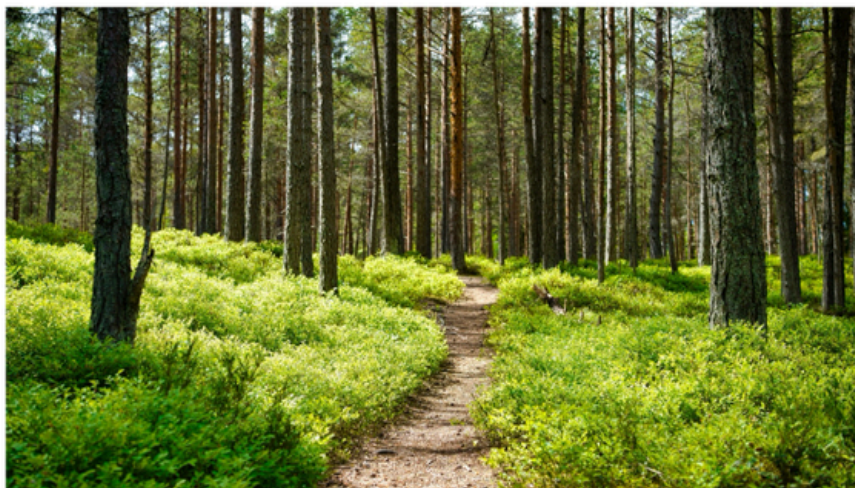


Redeeming the exit: Are structured equity models having a moment in Tech for Good?

Laurie Felker Jones



Like a favorite style coming back into rotation, the spotlight on “redemption models” may feel “on trend.” However, many long-time practitioners who suddenly find themselves en vogue would likely point to something less flashy: a practical, deliberate orientation toward durable models designed to return capital more predictably while maintaining impact and ownership over time.

A growing group of stakeholders, from investors and DAF holders to accountants, tax lawyers, and founders, is building on this foundation. Whether driven by early conviction, growing curiosity or simply seeing a clearer fit for the businesses they support, more practitioners are stepping into this work and inviting others to do the same.

This momentum is also being shaped by mounting pressures across tech-for-good venture models. For more than a decade, many funders have worked to adapt venture capital to serve a broader set of outcomes. Strategies have included impact venture, ESG integration, venture philanthropy, alternative portfolio construction, and impact measurement and management frameworks. Each has aimed to channel early-stage risk capital toward companies designed to deliver both financial returns and measurable impact at scale.

In many ways, there is real progress to point to: Capital has flowed into new markets and categories, and a generation of founders has built companies explicitly oriented toward profits and purpose.

Today, many of those same funds are in the back half of their “10+2” lifecycles, and some of the underlying tensions are becoming harder to ignore.

Across the field, impact-oriented venture portfolios are now shouldering many of the same pressures as traditional VC: longer paths to liquidity, expectations for growth that may not reflect how these businesses actually scale – or what they were built to do – and ongoing questions about how to maintain impact fidelity through to exit. Recent work like *Failing Forward from Acumen*, alongside examples such as Quona Capital's "Responsible Exits Approach," reflects how actively the field is navigating these tensions in practice.

At the same time, dynamics in the broader venture market are amplifying these challenges. Capital is concentrating into larger funds, into a narrow founder profile that looks more like a casting call for an episode of Silicon Valley than the global majority, and increasingly into winner-takes-all dynamics – currently concentrated around AI – that go all in on a small number of big bets on perceived breakout opportunities.

Unfortunately, in adapting venture for impact, many of these same constraints have effectively been dragged along.

As Rodney Foxworth of Worthmore recently wrote, “The result is too much capital chasing too few true outliers, inflated expectations, and founders pushed toward growth paths that look good in pitch decks but easily break in practice. When the market turns, many of these companies aren’t “failures” — they’re viable businesses trapped in the wrong capital structure.”

What do we do about this?

Earlier efforts, such as Indie.vc, explored models designed to exit the financing rather than the company, which returned capital to investors while allowing businesses to continue operating and delivering impact. At the time, these approaches were often seen as peripheral to mainstream venture.

What's working now

Today, foundations laid by early adopters are being extended and validated by practitioners actively putting these models to work. While I am currently in the design phase of a new model, I am grateful to be part of a growing group of practitioners who have been building in this direction for some time. What follows is a non-exhaustive snapshot shared in the hope that it surfaces others working along similar lines.

Atta Impact Capital, co-founded by Abigail Napsuciale and Charles Higgenbotham, is focused on place-based investments in Central America and Southern Mexico, applying structured approaches in regional contexts where traditional venture models often fall short.

Howdy Partners, led by Cory Finney, Jamie Finney and Marc Nager, incorporates structured equity options alongside traditional venture terms to support a rural technology thesis within a diversified portfolio. For them, structured equity has provided a proactive strategy to enable recycling within Howdy Partners' more traditional fund structure and timeline.

At Capacity Capital, Jonathan Bragdon has been leading for years as a straight-shooting champion of revenue-based models and aligned financing. Notably, Capacity is now also led by Justin Dawkins, who, alongside partners at Collab Capital, previously pioneered the SPACE agreement (another innovative hybrid equity- and performance-based investment product). Together, they aim to help founders "hire" the right kind of capital for what they are building. They often encourage founders to avoid venture capital altogether where it is not a fit. Where risk capital does align, they structure investments with multiple pathways to liquidity, including redemption, distributions, acquisition or IPO.

There are also burgeoning hybrid "HoldCo" models that acquire, invest in and operate high-value businesses previously constrained by mismatched capital structures, using structured equity and long-term ownership strategies.

Notably, through their HoldCo Armillaria, Astrid Scholz and Cameron Burgess offer an investee perspective, having received a redeemable equity investment for their Innovation Exchange product (their answer to what I call the "Pitchbook for Impact Opportunities").

At Worthmore, Rodney Foxworth and Caitlin Morelli are drawing on their experience advising asset owners, fund managers, and capital-constrained companies to build a perpetual investment vehicle designed to provide optionality for company builders and structured liquidity to investors. Worthmore also uses redeemable equity for its own investors.

In my own work with True Wealth Ventures, alongside General Partners Sara Brand and Kerry Rupp, we are designing "Phase III," the next iteration of their gender lens investment model following Funds I and II. Building on our track record of activating catalytic capital, we're testing a structured equity approach that integrates redemption mechanics and unlocks participation from donor-advised funds, many of which are held by our existing LPs with direct decision-making authority. We remain both data-driven and encouraged by early indicators that this blended capital stack can deliver competitive returns with earlier liquidity, while maintaining impact fidelity and expanding ownership among women founders. Further, we're building with the understanding that this work contributes to, and is strengthened by, complementary capital strategies underway across the field.

Taken together, these examples point to a broader shift already underway, underpinned by conditions in the wider market.

When and how these models work

Beyond cyclical venture dynamics and the factors outlined above, it's worth noting that a more dynamic macro and geopolitical environment could also make models that offer clearer, nearer-term predictability of how and when capital is returned a smart hedge against — or complement to — projection-led models. This is true both for emerging managers coming to market with differentiated fund models and for existing firms stewarding impact venture portfolios through longer return cycles.

Fortunately, structured equity models offer a broad umbrella of options to weather turbulence in the market. For those less familiar, a helpful reframe is that these models pre-structure an “exit” of the financing itself via redemption rights, revenue-based mechanisms or other pathways that return capital without relying solely on a third-party sale. In short, these structured pathways enable ownership stakes to be returned to the venture over time as investors are repaid, often directly from company performance.

In practice, this approach can take different forms. Some models are built entirely around redemption. Others, like Howdy Partners, integrate structured equity alongside more traditional venture investments. Still others combine equity with revenue-based or credit-like features to create more flexible return pathways.

Differences from revenue-based financing

Revenue-based financing models, like [RevUp Capital](#), have already shown that investors can be repaid as a company performs, without requiring an exit or taking ownership. While some revenue-based financing models add a bit of upside optionality through warrants, structured equity models treat ownership differently: it's part of the deal from the start, with a built-in path for founders to buy it back over time.

What these strategies share is not a single structure, but a common aim: to better align the way a business grows with the way capital is returned. This approach can take different forms, from stand-alone structured equity to hybrid models that combine elements such as DAF participation, revenue-based financing or traditional venture capital. Each approach comes with its own trade-offs and benefits.

In practice, these approaches tend to work best under a specific set of conditions:

- Companies with a credible path to profitability within three to five years
- Business models with strong margins and growth, for example ~40% margins and ~50% growth rates
- Founders who prioritize revenue-based growth over reliance on successive venture rounds

They are generally less well suited to:

- Ventures with long development timelines, such as deep tech or biotech
- Capital-intensive models requiring large upfront investment before revenue (with some exceptions, such as certain elder care models)
- Businesses where returns depend on a small number of highly uncertain, outsized outcomes

What's taking shape

Through their models and narratives, every practitioner is demonstrating in their own way that these (capital) paths are made by walking and that impact investing is not an individual sport. Our success compounds as best practices are shared not only through informal channels but also through forums like this, platforms like [Catalyze](#), the [Innovative Finance Playbook](#) and the [Innovative Finance Initiative](#). Through our collective, collaborative efforts, together we are building the field.

At the same time, we want to know more. Our simple question to the field is: who else is building in this lane? If that's you or someone you know, please consider this an open invitation to connect if you are:

- An LP or DAF holder already participating – or “capital curious” – about testing redemption pathways
- A GP deploying or experimenting with structured equity
- A founder whose business may fit an 18 to 36 month path to revenue and a three to five year redemption horizon
- A legal, tax or administrative practitioner refining the plumbing of these models

Rest assured: In this learning phase, what is most valuable to the work is thoughtful dialogue and perspective, not capital. Our primary goal right now is simple. The more we can learn from each other, the more likely we are to co-create glide paths that reduce friction and accelerate deployment of aligned capital.

Perhaps especially in these dynamic days, returning to something a bit more...precedented... has its appeal: opening the aperture to more high-growth, revenue-driven Tech for Good businesses through financing structures where exits are accounted for and paid out through performance.

It's more than a moment. Longtime and emerging practitioners are already leaning into these durable models, designed to last and built to weather all seasons. If that resonates, you're in good company.

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