

TransCap Initiative
Systemic Investing for Sustainability

GroundBreak Coalition

A Case Study of Systemic Investing

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Preface

About the TransCap Initiative

The TransCap Initiative (TCI) operates at the intersection of real-economy systems change and finance. Our mission is to develop the field of systemic investing—a new investment logic for funding systems transformation. We achieve this by managing an open innovation space focused on developing, testing, and scaling systemic investing through research, prototyping, and field building. You can learn more about our work on our [website](#).

About systemic investing

Systemic investing is the next frontier of purpose-driven finance, answering an urgent call for a more strategic, integrated, and contextualized approach to funding systems transformation. It leverages the tools and methods of systems thinking and complex systems science to make sense of societal challenges as complex systemic issues. It advocates for the strategic orchestration of multiple forms of capital provided by multiple types of investors under a shared theory of transformation, in pursuit of a holistic and systemic notion of impact.

For more information about what systemic investing is, read the publication [“Definition and Hallmarks of Systemic Investing”](#). To learn more about the relevance of systemic investing and the contexts in which it promises to be most useful, see the primer [“Systemic Investing for Social Change”](#) published in the Stanford Social Innovation Review as well as the more comprehensive white paper [“Transformation Capital – Systemic Investing for Sustainability”](#).

About TCI case studies

As part of TCI’s field-building effort, we are searching for examples of ongoing initiatives that illustrate core ideas of systemic investing. We are publishing a series of case studies that showcase the work of organizations we admire, demonstrating and explaining what it means to do systemic investing “on the ground”. Throughout, we aim to illustrate the distinctive aspects of systemic investing and how it is different from other, more mainstream approaches to sustainable finance and impact investing.

In our work, TCI operates in the current reality (what is) while looking ahead to possible futures (what could be). Systemic investing in its “pure form” belongs in the future, with elements of the practice emerging as pioneers around the world explore how an understanding of systems can support different ways of investing. Each case study highlights where elements of this emerging financial practice are taking shape, potentially leading us to unearth novel ideas and approaches that strengthen the conceptual underpinnings and best practices of systemic investing.

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Introduction

The global sustainability movement is driven by lofty objectives such as environmental regeneration, climate resilience, and social justice. But what exactly do these things mean? How do they express themselves in the lives of people, and how will these expressions be different from place to place?

Sustainability narratives often lack context and, as a consequence, tangibility and specificity. They often fail to appreciate the infinite number of ways in which grandiose goals such as resilience and justice can materialize. Furthermore, many initiatives impose visions and solutions on the people they seek to serve, failing to center the voices of community members or give them agency to be the stewards of their own futures.

This is why we were excited to learn about the GroundBreak Coalition, a systems change endeavor that is both specific and participatory. Situated in the Twin Cities of Minneapolis and St. Paul (“MSP”) in the U.S. state of Minnesota, GroundBreak has set out to close racial wealth disparities for a well-defined community, operating with a clear sense of what this means and how it can be achieved. In doing so, this fledgling coalition operates in ways that reflect many of the hallmarks of systemic investing.

The start of the GroundBreak Coalition predates the publication of any formal description of those hallmarks defined by TCI. This means that the Coalition has emerged organically, as a result of logical conclusions drawn from an initial problem analysis. Nobody had ever told the Coalition’s leadership: “Here is a new investment logic called systemic investing; you might want to try it out in MSP.” Instead, the stewards of GroundBreak did what they thought was the most sensible course of action for achieving their vision. That their effort has evolved to embody many of the hallmarks of systemic investing without having been influenced by it from the outset speaks to the relevance and applicability of those ideas and has compelled us to take a closer look.

This case study explores the GroundBreak Coalition’s work through the lens of TCI’s emerging framework of systemic investing. Some of the leaders behind GroundBreak have engaged with the core ideas of

systemic investing and find them compelling, but they do not necessarily make sense of their work through TCI’s framework and language. Nor is this case study to be understood as GroundBreak’s endorsement of TCI’s work. As both the idea of systemic investing and the work of the GroundBreak Coalition continue to emerge and evolve, we hope that one can inform the other for mutual benefit.

The **first section** (“Background”) of this case study introduces the GroundBreak Coalition. The **second section** (“GroundBreak Coalition and Systemic Investing”) explores how GroundBreak’s work exemplifies the principles and hallmarks of systemic investing. While many of the core ideas of systemic investing are present in GroundBreak’s work, we highlight those most salient and “higher in the mix”. The **third section** (“Lessons Learned”) provides an insight into the experiences GroundBreak partners have had in putting these ideas into practice. Finally, the **fourth section** (“Food for Thought”) suggests ways in which GroundBreak could potentially strengthen the implementation of key ideas at the heart of systemic investing.

This case study is largely based on a review of internal and external resources, such as presentations and reports, as well as interviews with several individuals involved in the GroundBreak Coalition, including Ben Hecht, Senior Advisor at McKnight Foundation, Jen Ford Reedy, President of Bush Foundation, and Corey Mensink, Executive VP and Director of Commercial Lending at Sunrise Banks.

We, the authors, believe to have been free of conflicts of interest when writing this case study. Neither GroundBreak Coalition itself nor any of its partners have financially sponsored this case study, nor has there been a financial relationship between TCI and any of the Coalition’s funders at any time before the publication of this document.

1. Background

1.1 A systemic response to systemic injustice

George Floyd's murder in May 2020 was a shock felt around the world, a tragic demonstration of the weight of systemic injustice that bears down on Black communities.¹ Subsequently, MSP became the epicenter of a global wave of reckoning. For many residents, the event also prompted deep reflection on structural racism and social injustice and nurtured a sense that a new strategy is needed to heal the rifts.

Jen Ford Reedy, President of MSP-based Bush Foundation, explains how systemic injustice requires a systemic response: "For those of us who had been working on racial equity, it was made clear, made stark, that we were not doing enough. We had to do more, act bigger... If we want this place to truly work for everyone, we need transformation. We need to be thinking about change on a bigger scale. We need radical collaboration."²

While there are many drivers of racial inequity, wealth disparity is one of the biggest. Today, and despite its relative prosperity, the state of Minnesota—where MSP is located—has one of the highest racial wealth disparities in America. As the GroundBreak Coalition describes, this disparity "can be traced to historic policies and practices that have extracted and limited wealth-building opportunities, including generational wealth transfers through homeownership. Approximately 77% of white households are homeowners in Minnesota today. In contrast, 29% of Black households in Minnesota own their own home, and that figure is less than 20% in Minneapolis."³

¹ For an account of this tragedy, see the article "How George Floyd Died, and What Happened Next", published by the New York Times on 29 July 2022 (see [here](#)).

² Source: Jen Ford Reedy, "Collaboration to the Max: Transforming our Region Together", published on GroundBreak Coalition's website on 1 Nov 2023, accessed 4 Jan 2025 (see [here](#)).

³ Source: McKnight Foundation, "GroundBreak Coalition Shares Progress Toward Ambitious Vision During Community Briefing", undated, accessed on 4 Jan 2025 (see [here](#)).



Photo by mana5280 on Unsplash

The McKnight Foundation is one of the founding partners of GroundBreak. Its President, Tonya Allen, argues that while financial capital cannot solve every problem, it can help reduce wealth disparities. Tonya and her colleagues at McKnight Foundation have concluded that the response to George Floyd's murder should not be a one-time intervention or fund but a systemic response that compounds over time. This calls for tackling the root causes of the racial wealth gap by building the social and financial infrastructure necessary to change lending rules, shift narratives about historically disadvantaged borrowers, eliminate bias in decision-making, and fix customer experiences.

Bush Foundation and McKnight Foundation are just two of over 40 corporate, civic, and philanthropic organizations that now comprise the GroundBreak Coalition. Launched in May 2022, the Coalition is working to identify ambitious, lasting solutions that permanently address racial wealth disparities in MSP.

“GroundBreak’s vision is of a future that is dramatically more inclusive, just, racially equitable, and climate-ready... a new paradigm for community development finance that finally addresses systemic racism, rights historical wrongs, closes racial gaps in income and wealth, and boldly meets the climate moment”

– GROUNDBREAK COALITION

1.2 How does the GroundBreak Coalition work toward these ambitions?

At the heart of GroundBreak Coalition's work is the recognition that, as Ben Hecht describes it, “whatever we do this time has to be different”. In the context of the horror of George Floyd's murder and the wider structural injustices faced by BIPOC and low-wealth communities in MSP, GroundBreak aspires to make a sustained effort to advance racial wealth equity by centering the experience, needs, and aspirations of systemically disadvantaged people and households.

Design principles

There are five principles that form the basis for the Coalition's work:

- **Collective action**

As the name suggests, the Coalition's aim is not to establish a new organization that acts alone. Instead, the focus is on what can be achieved by a broad consortium of local and regional actors working together. Significantly, the Coalition is comprised of multiple types of organizations, including foundations (e.g., [GHR Foundation](#), [Nathan Cummings Foundation](#), [Target Foundation](#)); financial institutions, including

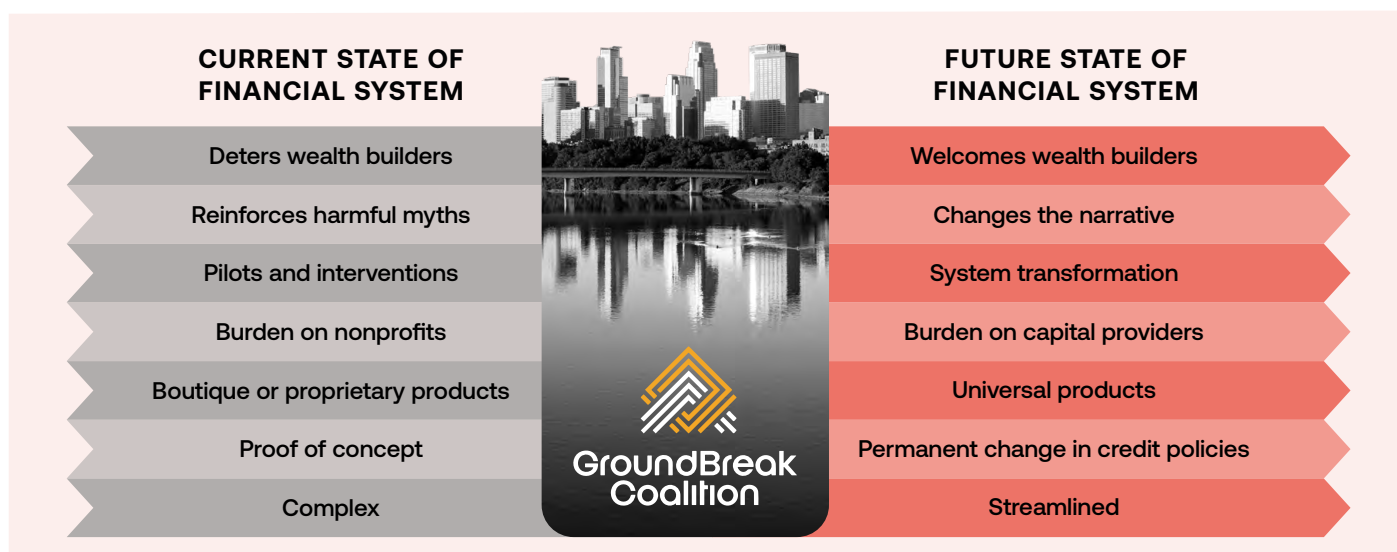


Figure 01 | GroundBreak's long-term vision for the transformation of the financial system

Reproduced from information provided by GroundBreak Coalition

traditional banks (e.g., U.S. Bank, Huntington Bank), community banks and community development financial institutions (e.g., Sunrise Banks), and insurance companies (e.g., Securian Financial); and industrial corporations (e.g., Mortenson, a construction company).

- **Ambition and commitment**

GroundBreak set out to catalyze deep, structural, and lasting change. To accomplish this, GroundBreak works to ensure that its solutions are designed for scalability, enabling them to benefit thousands of people and households across the region. It also asks partners to commit to at least 10 years of engagement, ensuring the initiative can be sustained and held accountable for the time it takes for systemic change to unfold.

- **Multi-pronged approach**

GroundBreak recognizes that the entrenched wealth inequalities it is seeking to tackle will not be addressed through a single initiative or financial product. The initiative has therefore identified three levers for change: housing, business ownership, and commercial developments. By pulling on those three levers simultaneously, the aim is to create opportunities to advance wealth equity in multiple areas and in ways that are strategically connected and thus mutually reinforcing. The hope is that making headway in those areas will generate permanent improvements in people's lives that compound over generations rather than just temporary uplifts that cannot be sustained.

- **Challenging current practice**

GroundBreak works from the assumption that the many different actors involved need to think deeply about what is within their power to change. The entrenched issues they are seeking to tackle require new ways of working that have not been tried before. This is particularly true for owners of capital, whether philanthropic or return-seeking, all of whom have been challenged to reconsider how they use their capital and what they can do to permanently change wealth inequalities in MSP (see next page).

- **Centering the customer experience**

GroundBreak is determined to create an arrangement where multiple forms of financial support are available via an accessible and streamlined process, so that individuals are not required to spend an inordinate amount of time making multiple applications. Access to capital is not just a question of creditworthiness but also a function of more mundane factors such as the ease with which information can be accessed, the complexity of financial products and the language used to describe them, and the overall “customer experience” of engaging with financial institutions. As Tonya Allen explains: “It should be the responsibility of the people who have the capital to do the hard work to reorganize our systems so that customers can have easy access to it and not have to go to so many institutions to find what they need.”



GroundBreak Coalition design sprint focused on rental housing | October 2022

Photo courtesy of GroundBreak Coalition, used with permission

The different kinds of capital holders involved in GroundBreak Coalition

There are two main groups of capital holders involved in the GroundBreak Coalition:

Foundations and impact investors

The first group is comprised of foundations and impact investors that have invested into the three pools of capital controlled by the Coalition itself. This group currently includes GHR Foundation, Minneapolis Foundation, McKnight Foundation, Bush Foundation, Mortenson, Pohlad Family Foundation, Margaret A. Cargill Philanthropies, Securian Financial, Carlson Family Foundation and Target Foundation. These organizations have provided capital either as grants or as loans on a concessionary basis.

Ben Hecht emphasized in interviews how some of these organizations are providing capital in forms that are completely new to them, or on a different scale. The Bush Foundation and Mortensen, for example, both agreed to work out how to provide guarantees, which they had not done before, while Securian Financial (an insurance company) has committed USD 1 million, a sum much larger than its average grant.

Banks

The second group of capital holders is comprised of banks that have agreed to provide “GroundBreak-aligned” loans. At the core of this commitment is the Coalition’s insistence that the risk assessments conventionally done by mainstream banks are in effect discriminatory—in that the assessed risk of historically disadvantaged borrowers is higher than the actual risk, an assertion backed up by evidence—and therefore lead to a disproportionate number of these borrowers being refused financial products. The Coalition’s ask of the banks is to update their lending and risk assessment policies to reflect this evidence on the expectation that the banks will discover, for example, that BIPOC people’s default rates are no higher than those of the general population and that they can therefore maintain their usual expected rates of return.



GroundBreak Coalition design sprint focused on commercial development | October 2022
Photo courtesy of GroundBreak Coalition, used with permission

Impact pathway

The GroundBreak Coalition believes that the key to closing the racial wealth gap in MSP is to create a financial system that equitably allocates capital to enable people to become homeowners and entrepreneurs, and to develop commercial real estate. GroundBreak aims to support wealth building for any community that has experienced systemic disadvantage, and it has adopted an initial focus on building Black wealth. The combination of the outcomes driven by homeownership, entrepreneurship, and commercial real estate—secure housing, job

availability, and uplift of commercial developments—will enable the creation and accumulation of durable, generational wealth to permanently close racial wealth gaps in MSP.

GroundBreak has established quantified goals to be met through its activities by 2034:

- Creating 11,000 new homeowners;
- Launching 5,000 new businesses that create 8,000 new jobs; and
- Realizing 60 commercial real estate developments.

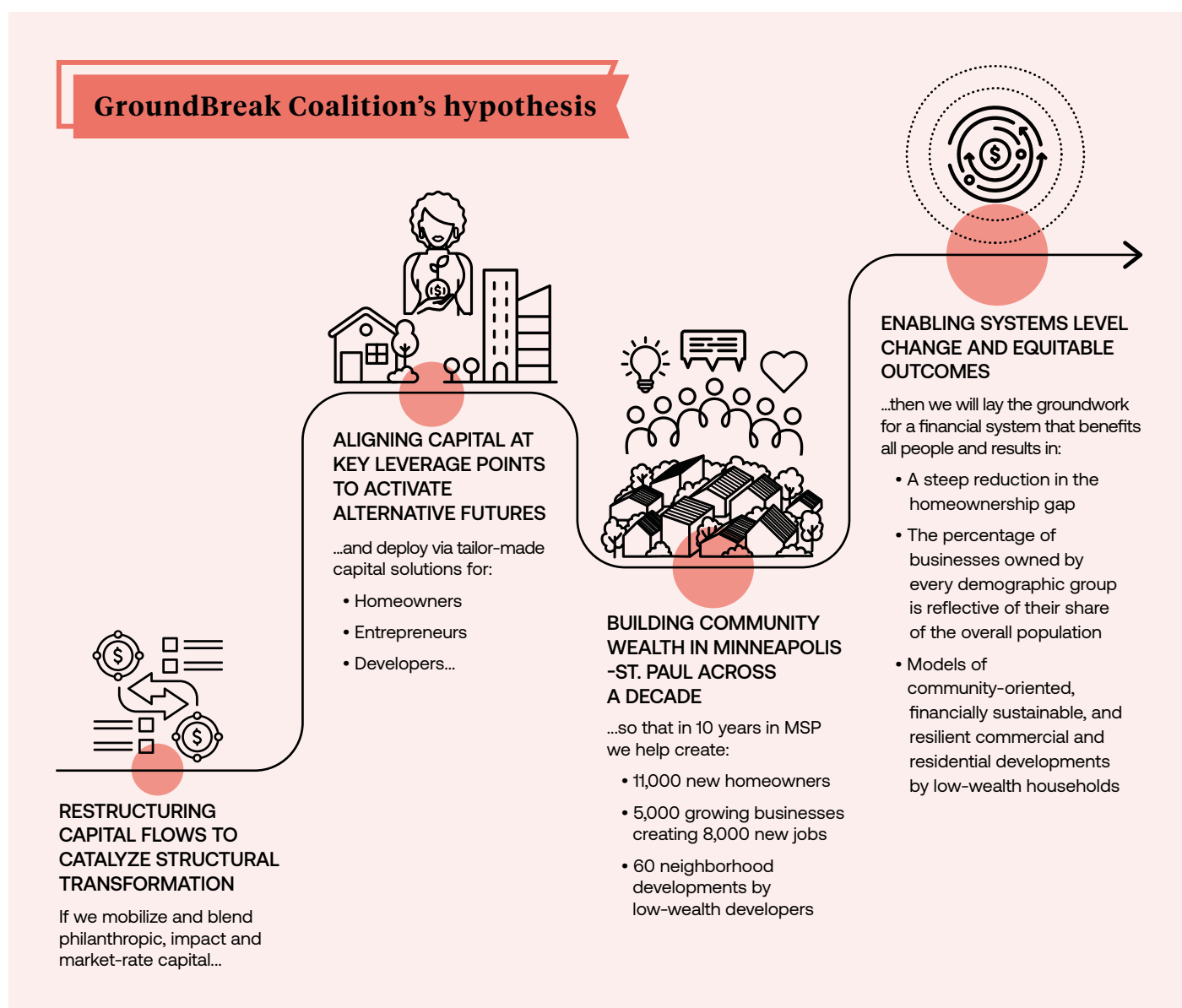


Figure 02 | GroundBreak's impact pathway

Adapted from information provided by GroundBreak Coalition

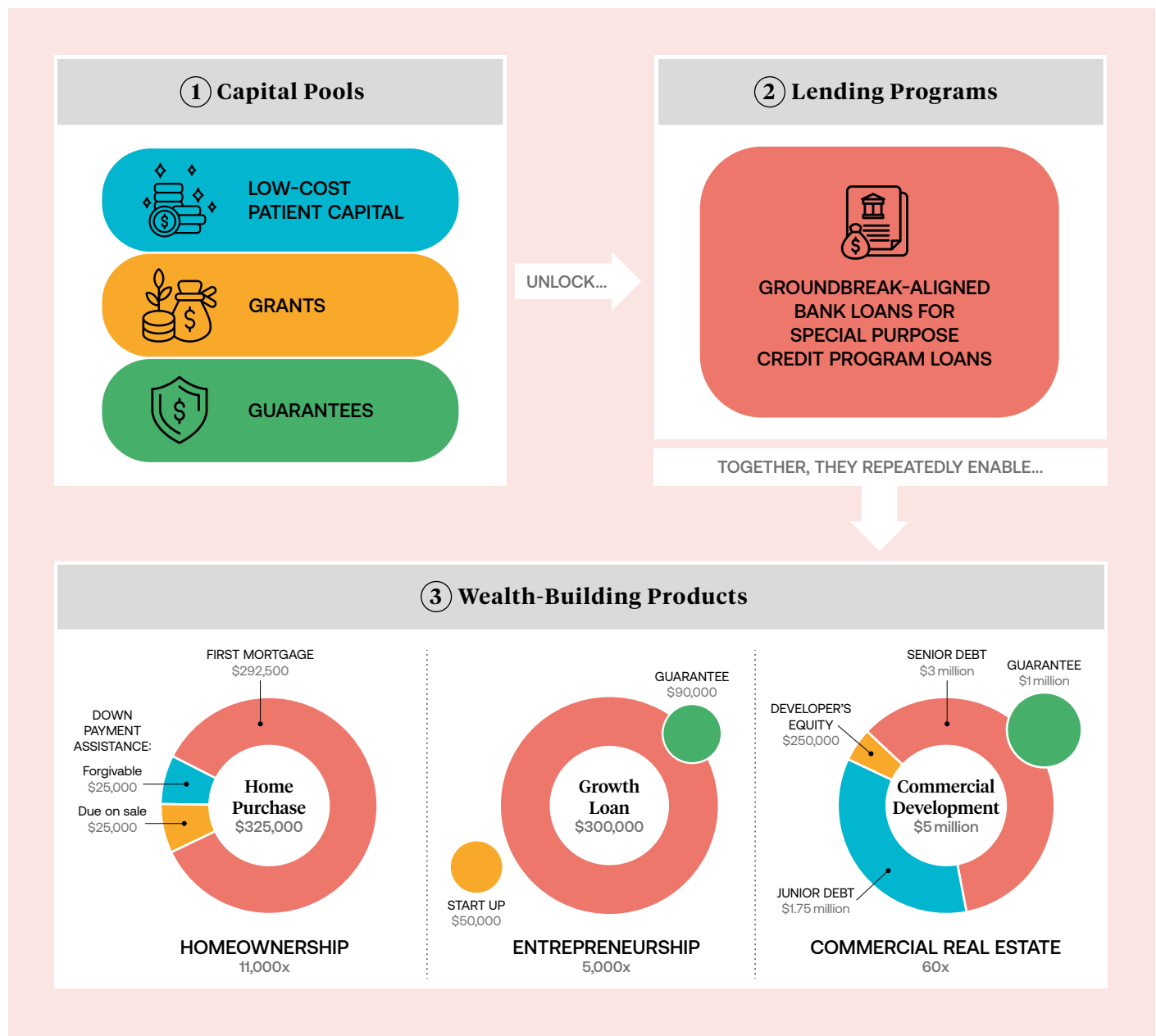


Figure 03 | GroundBreak's current investment architecture

Adapted from information provided by GroundBreak Coalition

Core activities

The core delivery plan of GroundBreak centers on a financial offer with three main components:

1. GroundBreak-controlled **capital pools**.
2. GroundBreak-aligned **lending programs**.
3. **Wealth-building products** designed to serve people who have experienced historic and contemporary barriers to accessing capital.

The vision is to create three GroundBreak-controlled **capital pools**, one each for (i) low-cost patient capital, (ii) grants, and (iii) guarantees. These pools serve to unlock money flowing through GroundBreak-aligned **lending programs** owned and administered by partner banks, which enables the Coalition to reach the scale of capital needed for achieving its mission.

Collectively, GroundBreak-controlled capital pools and GroundBreak-aligned lending programs will

fund a range of **financial products** designed to spur homeownership, entrepreneurship, and commercial real estate. All three areas utilize GroundBreak-aligned loans from partner banks, but each taps a different combination of money from the GroundBreak-controlled capital pools (see *Table 01, below*).

The GroundBreak Coalition combines these different types of capital to engage three levers of change—homeownership, entrepreneurship, and commercial real estate—on a region-wide scale.

Aspiring homeowners will be able to access...

- Up to 97% of the value of the home in mortgage capital from a private lender. GroundBreak has engaged lenders to align the terms of their mortgage products to offer the best available terms to homebuyers who access GroundBreak’s down payment assistance.
- USD 50,000 down payment assistance from a local non-profit or community development financial institution (CDFI), with half structured as a forgivable loan (forgiven 20% every year for five years), and the other half repayable when they sell their properties.

It is worth noting that applicants need to have been pre-approved for a mortgage product to unlock the down payment assistance. This means that they

must meet certain basic financial criteria (such as debt-to-income ratio requirements) to gain access to assistance.⁴ That said, the Coalition intends to establish feedback and accountability loops with participating financial institutions to ensure they revisit the criteria in their creditworthiness assessments and update them in response to data on actual versus expected losses.⁵

⁴ This means that at the moment, the GroundBreak Coalition only solves the challenge of lack of equity for a down payment (a wealth issue), not the problem of interest and amortization (an income issue). The ramification of this is that members of the community with insufficient income levels do not currently qualify for GroundBreak products.

⁵ For instance, banks typically require BIPOC people to have credit scores higher than what is representative of the actual credit risk of these people. The Coalition has relied on empirical data that evidences the gap between perceived and actual risk (i.e., that BIPOC people are believed to come with higher credit risk when in fact they do not) in order to make the case for banks to shed what is essentially discriminatory bias in lending decisions.

Table 01
Capital Allocation by GroundBreak Coalition product

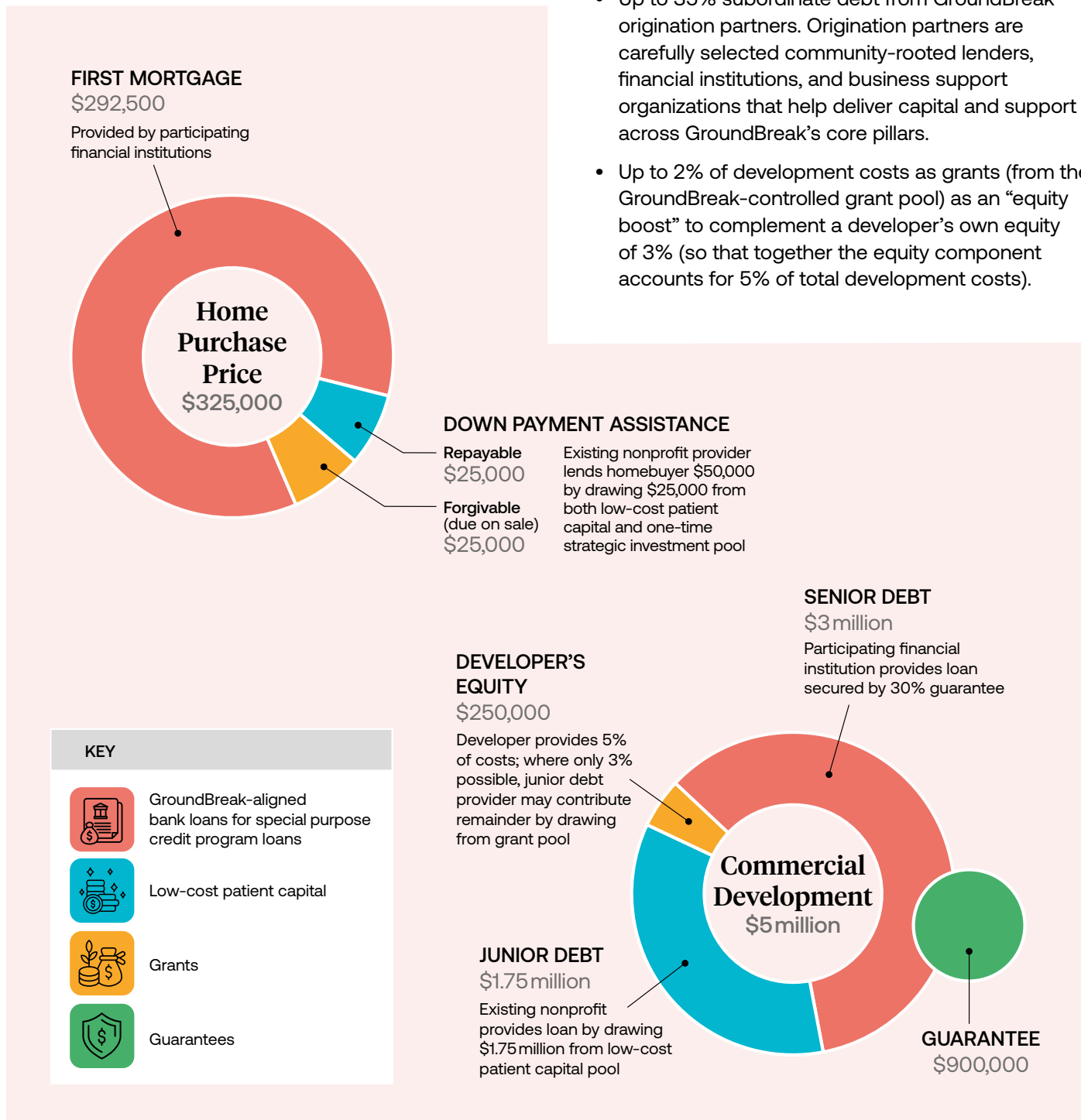
Goal of capital allocation	GroundBreak-aligned loans from partner banks	GroundBreak-controlled capital pools		
		Low-cost patient capital	Grants	Guarantees
Homeownership	✓	✓	✓	
Entrepreneurship	✓		✓	✓
Commercial Real Estate	✓	✓	✓	✓

Entrepreneurs will be able to access...

- USD 50,000 in forgivable early-stage loans.
- Growth-stage loans from GroundBreak-aligned lenders, backed by a guarantee by the GroundBreak-controlled guarantee pool.

Developers of commercial real estate, assuming an average development cost of USD 5 million, will be able to access...

- Up to 60% senior debt from GroundBreak-aligned lenders that can be backed by the GroundBreak-controlled guarantee pool.
- Up to 35% subordinate debt from GroundBreak origination partners. Origination partners are carefully selected community-rooted lenders, financial institutions, and business support organizations that help deliver capital and support across GroundBreak's core pillars.
- Up to 2% of development costs as grants (from the GroundBreak-controlled grant pool) as an "equity boost" to complement a developer's own equity of 3% (so that together the equity component accounts for 5% of total development costs).

**Figure 04 | Structure of GroundBreak's homeownership and commercial real estate products**

Reproduced from information provided by GroundBreak Coalition

1.3 What has the journey looked like so far?

Supported by the McKnight Foundation, the GroundBreak Coalition initiated its work with a six-month participatory design process that brought regional stakeholders together. Working groups were formed with representatives from banks, government, foundations, and the community to identify financial tools and products that could help advance wealth equity in MSP. The emerging alliance scanned the landscape of opportunities, surfaced existing solutions, and identified spaces for innovation.

On 31 October 2023, GroundBreak announced nearly USD 1 billion in capital commitments. Pledgers included 10 institutions, with USD 800 million committed from banking institutions and USD 125 million from private-sector organizations (including family offices) and foundations.

In addition to securing these commitments, the Coalition has structured a lean backbone team that is engaging stakeholders in the highly technical task of creating the frameworks, protocols, and term sheets that provide GroundBreak's origination partners and participating financial institutions with the assurances and information they need to be able to make capital available. Furthermore, the Coalition has established cross-sector Strategic Impact Committees (SICs) to monitor and advise on strategy and progress. These SICs consist of stakeholders ranging from end-users to representatives of government, philanthropy, nonprofits, and financial institutions. This operational infrastructure is required to facilitate the interactions between providers and recipients of finance in a user-centric way and promotes coherence across the set of financial institutions and instruments at the heart of GroundBreak's work.

The Coalition's goal is to mobilize USD 5.3 billion over the next decade. The lion's share will be market-rate investment capital, but over 20% will be flexible concessionary capital, with commitments spread across three- to 10-year terms. For this long-term goal to be achieved, an intricate patchwork of agreements and alliances is being formed.

At the time of writing, nearly 100 people have received mortgages through GroundBreak-funded products,

while work continues to soon launch entrepreneurship growth loans and commercial real estate products. So GroundBreak has lifted off, but because much design and development work remains, the Coalition needs to build the plane while flying it. Near-term priorities include operationalizing GroundBreak's governance structure and developing a monitoring and evaluation framework to understand progress, identify issues, and adapt to changing circumstances over time.



GroundBreak Coalition Black Wealth Builder input session | August 2023

Photo courtesy of GroundBreak Coalition, used with permission

2. GroundBreak Coalition and Systemic Investing

The case study now turns to the numerous ways in which the GroundBreak Coalition’s work demonstrates how the core ideas of systemic investing are being put into practice.

2.1 The vision of change

A foundational idea in systemic investing is the setting of an impact vision as a **Transformational Intent** (↗) statement. Conceptually, “intent” sits at a higher level than “objective”; it is more spacious and flexible and thus a better mental model for setting a change vision in a systems context. The word transformational implies a particular quality of change being sought: not of the incremental kind, aiming to optimize how a system operates without touching its fundamental properties—but deep, structural, and irreversible change.

The process of defining transformational intent should be a collaborative exercise involving a wide range of stakeholders, and it should pay particular attention to power dynamics and legitimacy. When done well, such intent statements have the power to inspire and act as a shared, enduring “north star” for a change coalition.

GroundBreak provides a rich illustration of what it means to leverage the power of transformational intent statements. The Coalition’s intent is bold—to turn MSP into a place that is dramatically more inclusive, racially just, and climate-ready, by changing the patterns of capital flow. As Tonya Allen explains: “For Black and Brown communities in particular, capital has been much more difficult to come up with to buy a home, start a business, invest in commercial property, and ultimately build and transfer generational wealth. Through GroundBreak, our charge is to make their aspirations possible by overcoming barriers that have persisted for too long.”⁶

The Coalition’s intent is also transformational, along at least **two dimensions**. Along the dimension of **ambition**, GroundBreak seeks to uplift historically disadvantaged communities in one of the largest metropolitan areas in the United States, in a way that

dramatically reduces structural inequities. The aspiration is not to provide quick fixes by, for instance, putting people in housing for the sole purpose of providing shelter. Instead, it is to use homeownership as one of three pathways to enable long-lasting, intergenerational wealth accumulation, which in turn will create a far more equitable, inclusive, and resilient society.

“We want to turn MSP from an epicenter of racial inequity to the epicenter of racial opportunity.”

– TONYA ALLEN, MCKNIGHT FOUNDATION ⁷

On the dimension of **scope**, GroundBreak moves beyond conventional responses such as foundation-led programs, government-sponsored funding instruments, awareness-raising activities, or project-based community initiatives—which are often conceived as isolated and temporary measures. Instead, the Coalition seeks to advance wealth equity across multiple levers of change and with a commitment over decades. Critically, the endeavor is not just about merely treating symptoms by mobilizing more money for marginalized communities. It is also about tackling root causes by changing the “patterns of wealth” through the rules and priorities that have governed historical lending and investment practices.⁸

This transformational intent acts as the north star for all Coalition members. This is true not only in the sense of providing direction but also setting priorities. The priority of transforming the lives of MSP’s BIPOC and low-wealth communities is front and center in the engagement of capital holders and financial intermediaries.

⁶ Source: Philanthropy News Digest, “Tonya Allen, President, McKnight Foundation: Bringing aspirations to life”, published on 5 Dec 2023, accessed 8 Jan 2025 (see [here](#)).

⁷ Source: KARE 11, “An idea for groundbreaking change in Twin Cities”, published on YouTube on 13 May 2022, accessed 2 Feb 2025 (see [here](#)).

⁸ It is worthwhile recalling Donella Meadows’ framework *Places to Intervene in a System*, which places “the rules of the system” high on the ranking of leverage points by potency.

The focus on an overarching vision filters down into the way the Coalition sets goals and holds itself accountable. GroundBreak has articulated numerical targets for homeownership (11,000), business incubation (5,000), and commercial developments (60) to be achieved by 2034, thereby making tangible and measurable what is otherwise an abstract vision.

Yet these targets are not fixed but instead allowed to evolve over time in response to the Coalition's progress and developments in the external environment that shapes GroundBreak's mission. This is because—in line with a **Systems Mindset** (↗)—the Coalition recognizes the importance of maintaining flexibility to learn and adapt over time. Seeing the world through a systems lens means acknowledging the unpredictability of how complex adaptive systems (like regions such as MSP) behave and the importance of actors being able to react to changing circumstances.

Ben Hecht, Senior Advisor at McKnight Foundation, knows the Coalition will need to respond to changes in the conditions of the system they seek to transform. In one of our interviews, he pointed out, for instance, how interest rates are currently high by historical standards and are likely to fall again, thereby radically changing housing market dynamics. Meanwhile, in 2023 the Minnesota state legislature leveraged a budget surplus to allocate USD 150 million in one-time funds to provide down payment assistance, also shifting the space for homeownership in a way relevant to the context in which GroundBreak operates.

Ben said: “As the world changes, we accordion in and accordion out.... The numbers may change, but we know we want to dramatically close the wealth gaps. Maybe it will take longer, but we are on the path, and we will know success when we see it.”

2.2 Getting the system in the room

From the outset, GroundBreak has worked to ensure that “the system is in the room”—that the full range of stakeholders affected by or involved in bringing about the Coalition's transformational intent are brought into the conversation, and that their voices are heard. In our view, GroundBreak represents an exemplary case for **Coalition Building and Orchestration** (↗).

At the highest level, GroundBreak takes inspiration from the old African proverb: “If you want to go fast, go alone. If you want to go far, go together.”⁹ The Coalition is predicated on the acknowledgement that the systemic challenge it addresses is beyond the scope and power of any one organization or sector to overcome alone. GroundBreak exists to “combine our efforts to intentionally complement and amplify each other, to do more good. It is calling on all of us in institutions with capital to change the ways our money moves, together, in ways that build up a system that works for everyone.”¹⁰

In practice, getting the system in the room has meant a sustained, strategic, and patient program of inclusive engagement with a broad array of stakeholders. Over the initial six-month design process, GroundBreak brought together over 170 individuals and 120 organizations from the civic, private, public, and philanthropic sectors. As they brought this wide range of system actors together, the Coalition's project team played a crucial role in facilitating the work, ensuring the focus remained on the transformational intent, recording what was learned through the sessions, and maintaining momentum.

What has emerged from this process and from GroundBreak's commitment to broad-based, community-led collaboration is a trailblazing **governance structure**:

- Top leadership is provided by a “Board” consisting of 11 diverse leaders representing funders, investors, and community organizations. The Board is supported by a GroundBreak “Project Team”, the operational backbone of the Coalition.
- Each capital pool is managed by a “Financial Manager” selected for its expertise and track-record in managing a respective pool's capital type. Capital allocation decisions are made by community-based “Origination Partners” with delegated underwriting authority.

⁹ Source: GroundBreak Coalition, “Progress Report – October 2023”, accessed 4 Nov 2025 (see [here](#)).

¹⁰ Source: Jen Ford Reedy, “Collaboration to the Max: Transforming our Region Together”, published on GroundBreak Coalition's website on 1 Nov 2023, accessed 4 Jan 2025 (see [here](#)).

- Impact stewardship is provided by expert-based, focus area-specific SICs, which are responsible for monitoring origination partners and tackling barriers to capital flow. Importantly, these committees are also tasked with surfacing shifts in the context in which GroundBreak operates and recommending to the Board strategic adjustments and improvements in the products and processes of their respective focus areas.

In effect, GroundBreak is in the process of developing governance frameworks and decision-making processes designed to encourage cooperation and coherence across more than 100 organizations. What makes this arrangement distinctive—and thus turn GroundBreak into an example of systemic investing—is that “the system” it brings into the room is comprised of both the historically disadvantaged communities who stand to benefit from GroundBreak’s effort and the capital holders and financial intermediaries (banks, government agencies, philanthropic funders) in a position to make financial capital available on revised terms.

By bringing all sides of the system together in this way, GroundBreak Coalition has been able to do something that is often very challenging for systemic investing programs: getting a sense of the **System Financing Needs** (↗).¹¹ At the heart of this concept lies a simple question: How much capital, and of what kind, is needed to change a system in a particular way? Whatever answer emerges is going to be speculative,

but even understanding the rough anatomy of the financing challenge will be useful in informing the design of a systemic investment program.

GroundBreak arrived at such an understanding by mapping the relevant flows of finance, financial tools, and products already in existence and by identifying critical gaps. These insights then informed decisions about the capital required to achieve structural change. The results from this analysis generated the basis for co-creating new investment pathways that can deliver on GroundBreak’s transformational intent.

For instance, GroundBreak estimates that, in order to meet its goals over the next 10 years, it will need to raise the amounts shown in Table 02 (see below).

Understanding system financing needs will help GroundBreak mitigate two issues often observable in purpose-driven finance. One is the misallocation of capital—that capital allocators often invest the kind of capital they are most familiar with or have agency over rather than what a transformational intent actually calls for. The other is volumetric incoherence—that investors work with funds that are sized based on what the market is willing to give them (often as a function of an investor’s personal experience and track record,

¹¹ For a more detailed treatise on the concept of systems financing needs, see [here](#).

Table 02
Estimates of capital volumes needed to achieve GroundBreak’s 2034 targets

Pool type	Total (in USD million)	Breakdown of capital volumes (in USD million)		
		Homeownership	Commercial Real Estate	Entrepreneurship
Grant	550	297	3	250
Low-Cost Capital	380	275	105	-
Guarantee	295	-	45	250

of the general macroeconomic environment, and of available deal flow) rather than what is required. By understanding the financing needs of the system it seeks to change, GroundBreak improves the coherence between its impact goal on the one hand and its approach to capital deployment on the other.

2.3 Designing a systemic response

Building on the understanding of what is needed and what is possible gained through the collaborative and analytical process described above, the Coalition has designed a systemic response to the issue of racial wealth disparity that focuses on mobilizing and coordinating a spectrum of capital across MSP, all acting synergistically in line with the overarching vision.

Investment architecture and strategic portfolio

At the heart of GroundBreak's offer lies an **Investment Architecture** (7) that spans multiple types of financial capital, is rooted in the system's actual financing needs, and is geared towards achieving the Coalition's transformational intent. In the words of Tonya Allen: "GroundBreak-aligned loans for businesses will be unlocked through guarantees provided by other investors, such as philanthropic institutions and businesses, that can take on more perceived risk. Organized low-cost, patient capital and guarantees will

be combined with flexible grants to unlock GroundBreak-aligned commercial loans provided by banks for neighborhood development projects. Flexible capital will be used to bridge financial gaps for homeowners and make the cost of buying a home more affordable."¹²

Such cross-asset, needs-based capital deployment is a strategic imperative in systems-based work because transformational change requires the deployment of the full range of capital types with a high degree of strategic coordination.

"GroundBreak's work involves targeting charitable dollars to get the most possible good from government programs. It means using public and philanthropic commitments to get more money flowing from banks to more people. It means cross-sectoring to the max."

— JEN FORD REEDY, BUSH FOUNDATION ¹³

¹² Source: Philanthropy News Digest, "Tonya Allen, President, McKnight Foundation: Bringing aspirations to life", published on 5 Dec 2023, accessed 8 Jan 2025 (see [here](#)).

¹³ Source: Jen Ford Reedy, "Collaboration to the Max: Transforming our Region Together", published on GroundBreak Coalition's website on 1 Nov 2023, accessed 4 Jan 2025 (see [here](#)).



GroundBreak Coalition workshop | May 2023

Photo courtesy of GroundBreak Coalition, used with permission

One way to visualize this investment architecture—following the template of the “Structure Diagram” presented in TCI’s publication [Definition and Hallmarks of Systemic Investing](#)—is shown in Figure 05 (see below).¹⁴

The heart of the Coalition’s investment architecture is the **Strategic Investment Portfolio** (↗), which holds the investment vehicles needed to deploy capital. What makes such portfolios strategic is that their assets are logically related to a theory of transformation and the analysis of system financing needs, which are the same strategic considerations that shape investment architecture. Consequently, for each asset, there is a narrative about how that asset is expected to contribute to change effects in line with the investor’s hypothesis of how systems change might happen, both on its own and through

combinatorial effects generated with other assets.

In the case of GroundBreak, the strategic investment portfolio holds the GroundBreak-controlled low-cost patient capital pool and guarantee pool, as well as the GroundBreak-aligned loan programs managed by partner banks. By TCI convention, the grant pool—providing non-repayable financing—sits outside the strategic investment portfolio but inside the systemic investment program.

¹⁴ The TCI Structure Diagram is a heuristic device useful for visualizing the relationships between different vehicles, programs, and financing mechanisms that comprise a systemic investment program. It is often a simplification of reality, and there is no broadly agreed convention of where exactly to put which vehicles. The diagram presented herein therefore represents the authors’ subjective opinion of how to best illustrate the GroundBreak Coalition’s investment architecture.

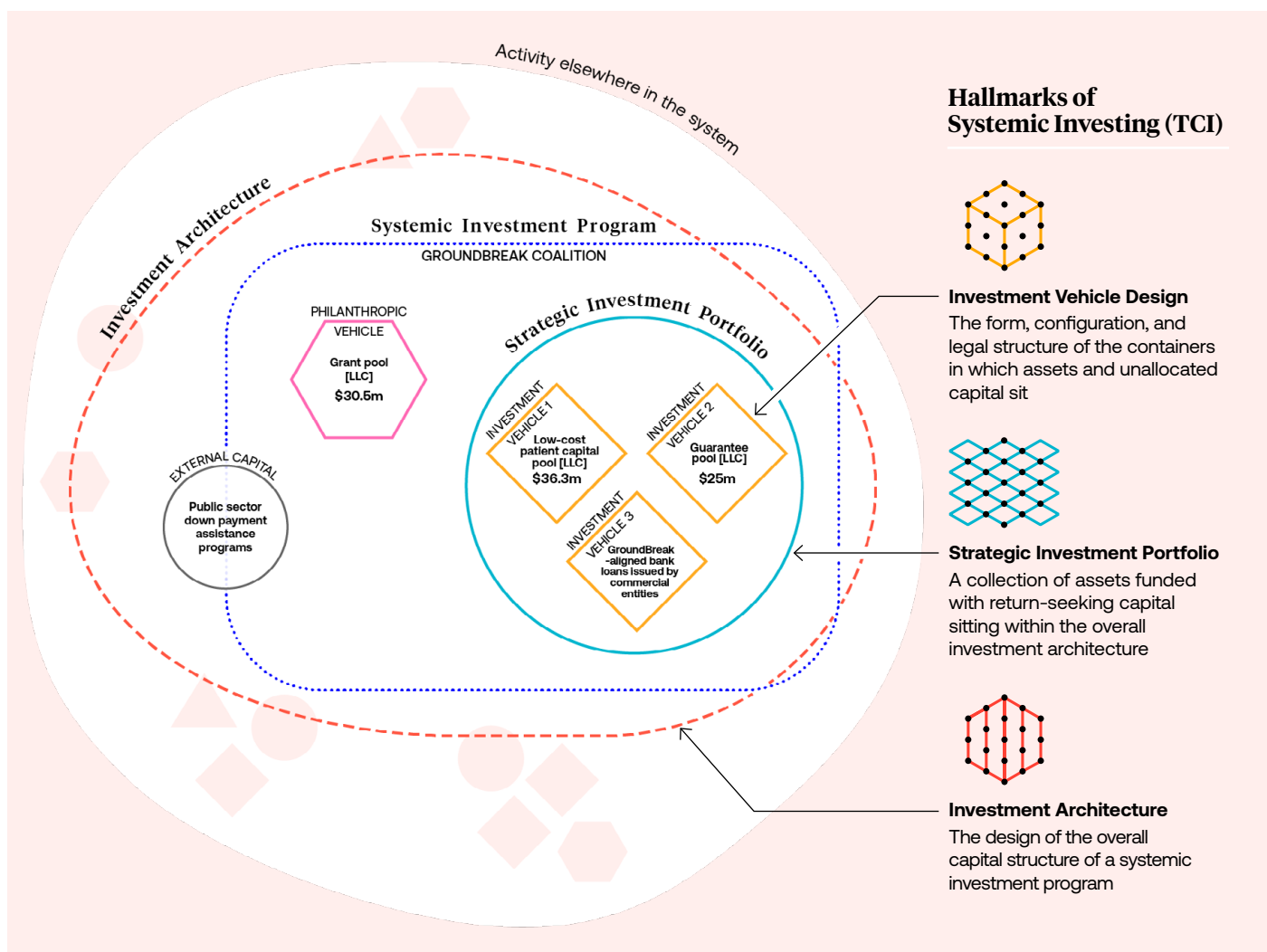


Figure 05 | GroundBreak’s systemic investment program

Outside the systemic investment program—but still within the overall investment architecture—sit other financial programs that directly contribute to the Coalition’s mission but are not under the direct control or influence of GroundBreak. These include, for instance, public-sector down payment assistance programs (administered by the city, county, or state), which complement GroundBreak’s programs for homeownership, and existing technical assistance programs for aspiring entrepreneurs and real estate developers offered by the Coalition’s origination partners.

Designing the vehicles that hold and deploy capital

How the vehicles inside a systemic investment program are designed is critical, and there are usually a great many design choices to be made, including around legal form, ownership, origination and investment strategy, term, fee structure, target size, investment process, governance, and reporting.

Being deliberate about the form, configuration, and structure of investment vehicles is about ensuring coherence between intention and implementation.

Investment Vehicle Design (↗) is therefore about creating the conditions for success in systemic investing, ensuring that systemic investors are empowered to deploy capital in a way that is most conducive to reaching their vision.

GroundBreak’s challenge is to find vehicle designs suitable for coordinating and deploying multiple forms of capital across a network of capital holders and financial intermediaries. At the highest level, the Coalition has opted for a hybrid approach consisting of (i) new financial structures controlled directly by GroundBreak, and (ii) existing vehicles and programs run by banks under a set of fixed terms and processes that make these “GroundBreak-aligned”.

In the design of the **GroundBreak-controlled capital pools**, there are **three features** that stand out:

1. Ecosystem approach to day-to-day operations

Each pool is operated by a financial manager who aggregates the resources, deploys capital through approved origination partners, and reports annually on deployment, performance, and impact.¹⁵ So instead of consolidating operations within a

single entity, GroundBreak is taking an ecosystem approach, devolving implementation responsibility and tapping into organizations with the right kind of expertise and track record for each type of financial capital deployed through these pools.

2. Community-based origination

The financial managers deploy the capital in the pools they manage through a set of pre-approved origination partners embedded within the communities GroundBreak seeks to serve. These originators ensure compliance with GroundBreak terms and then draw down the capital from the different pools for each transaction.

3. Rules-based capital allocation

Origination partners can draw down capital when the specific underwriting terms of a GroundBreak solution are met. These terms are absolute and apply to each beneficiary, but when the terms are met, the money will flow—which is why these origination partners are also referred to as “delegated underwriters”. Such rules-based capital allocation increases the speed of financing decisions while reducing the biases often at play in processes in which loan officers make discretionary decisions on a case-by-case basis.

Deploying multiple forms of capital to multiple points in the system

The GroundBreak Coalition has grasped an essential point in bringing about transformational change: that systems transformation requires multiple interventions within the same system, concurrently and with shared directionality. The Coalition’s work is focused on aspiring homeowners, entrepreneurs, and commercial developers. This is a demonstration of the principle of **Combinatorial Effects (↗)**: synergies that arise when multiple interventions stand in a strategic relationship with one another.

Within GroundBreak’s systemic investment program, such combinatorial effects can arise in different ways. At the collective level, working on multiple sources of

¹⁵ At the time of writing, the low-cost patient capital pool is being managed by Broadstreet Impact Services, the grants pool by Minneapolis Foundation, and the guarantee pool by Mission Driven Finance.

wealth-creation (homeownership, entrepreneurship, commercial real estate) creates redundancy and resilience in the mission at large. At the individual level, GroundBreak can support people to become homeowners *and* entrepreneurs *and* commercial real estate developers. It is unusual for multiple financial programs working on different levers of change to be set up simultaneously and as part of a deliberately designed, synergistic effort.

2.4 Summary

This chapter has highlighted three broad dimensions—and within those, multiple specific instances—of GroundBreak’s work that resonate particularly strongly with the hallmarks of systemic investing. Some of these elements resemble existing features of the sustainable finance and

impact investing domain, such as blended finance (which seeks to lever concessional capital to de-risk market-rate investment capital in pursuit of societal impact). However, there are several ways in which the Coalition’s work represents a quantum leap from those existing practices. Specifically:

- In the deep, structural, system-level intent behind the effort;
- In the inclusive, community-led collaboration and governance arrangements;
- In the deliberate strategic alignment of multiple types of financial capital, each designed to solve a specific piece of the impact puzzle in a manner synergistic to the other pieces; and
- In the long-term, open-ended commitment of all partners involved.

The legal structure adopted by the GroundBreak Coalition

Each GroundBreak-controlled capital pool is structured as a Limited Liability Company (LLC). Together, these LLCs sit within a parent organization structured as a 501(c)3 charitable organization. While this structure may appear convoluted at first sight, it allows for containing risks, managing liabilities, and organizing operations by compartment while ensuring that the overall initiative remains governed by the spirit and laws of public-benefit work.

In this structure, donors and capital owners wishing to contribute to GroundBreak can do so through

multiple on-ramps. Foundations and donor-advised funds, for instance, can make donations to the grant pool and program-related investments (PRIs) to the low-cost patient capital pool, and they can create a corpus set-aside¹⁶ to support the guarantee pool.

¹⁶ Corpus set-aside refers to a portion of typically a foundation’s or charitable trust’s main investment fund (its “corpus” or endowment) that is earmarked for a specific future use. Instead of being permanently invested, this reserved amount is designated—often for a set period—to support a particular initiative, such as a loan guarantee pool, while still aligning with the foundation’s charitable purpose.

3. Lessons Learned

The organizations featured in TCI's case studies are pioneers—they push the practical boundaries of systemic investing, often blazing new trails in the way they deploy financial capital for real-world impact. Inevitably, their work can be messy and their learning curve steep. In this context, there are several lessons emerging from the work of the GroundBreak Coalition.

3.1 A degree of centralized control over capital deployment is indispensable, as is a willingness to learn how to work in new ways

The investment architecture being built by the GroundBreak Coalition is unusual, if not unprecedented. In the earlier stages of the Coalition, its leadership team was hoping that existing structures for managing and allocating capital could be used, via the extensive network of nonprofit organizations and community and mainstream banks that were already operating in MSP.

It soon became clear, however, that it was necessary for GroundBreak to create its own structures in a way that provides a degree of control over how capital is being deployed. The Coalition had realized that such control was going to be necessary to ensure the strategic alignment of each pool, choose operational set-ups customized for each pool's mandate, gain the flexibility to make adjustments over time, and create effective accountability mechanisms.

“Initially, we didn’t want to build something new. But it’s hard to do radically different work in existing structures.”

– JEN FORD REEDY, BUSH FOUNDATION

The Coalition also learned a lot about how to engage a broad range of financial stakeholders. While GroundBreak's partner banks were not asked to provide concessionary capital, they were asked to “rewrite norms and practices (i.e., the rules of the game).”¹⁷ In practice, this meant for the banks to be integrated into the conversations, relationships, and

alliances being built within the Coalition, so that the leaders involved had their own understanding of what needed to change and could then advocate for those changes within their own organizational contexts.

The banks are not the only capital providers who have had to learn how to operate differently. Jen Ford Reedy explained in an interview that the capital provision agreements made within the Coalition have required everyone involved to think in a fresh way about how to use their resources: “I think this concept of saying we’re all going to pledge our assets together ... this is truly new infrastructure, new muscle, a new way of thinking for those of us that have assets. And it’s foundations, but it’s also corporations and other kinds of institutions.” The Coalition’s hope is that, independently of how successful GroundBreak will be in MSP, there is significant potential for these new ways of working to be used in other settings.

3.2 Trustful relationships among key individuals and non-binding agreements can make up for a lack of formal governance arrangements

For the first two years after its launch in May 2022, the governance of GroundBreak Coalition was based mostly on a somewhat loosely knit arrangement, with no legal constitution and a significant degree of informality. In June 2024, the Coalition was incorporated as a separate legal entity, with a board and an intention to hire an executive director. Permanent and formal governance structures will be important for the Coalition’s reputation and integrity and its ability to retain mission alignment in the long run.

That said, the Coalition has learned the critical importance of finding ways to create accountability through relationships and non-binding agreements. The mainstream banks are not in a position to sign

¹⁷ Source: GroundBreak Coalition, “Progress Report – October 2023”, accessed 4 Nov 2025 (see [here](#)).

legally binding agreements regarding capital provision, which creates a vulnerability in the Coalition's plans for execution. The primary mechanism for countering this vulnerability is the strength of the relationships between key people at GroundBreak and leaders at partner banks.

Yet the Coalition has also learned not to rely too heavily on particular individuals because the turnover in senior leadership in the banking sector tends to be high. GroundBreak tries to strengthen the resilience of the Coalition by fostering a whole network of leaders across the many organizations involved, such that one or two people moving on to new positions does not undermine the collective effort.

As more formal governance arrangements are solidified, Coalition members are actively thinking about how to combine accountability and clarity with adaptability and flexibility. With agreements spanning so many organizations, it is emerging as critical to ensure that signals get through, whether they are signals about changes in the external environment or the effectiveness of the Coalition's work.

3.3 Finding the balance between communicating for hope and inspiration while making sure expectations remain realistic is difficult

GroundBreak is widely ambitious, which creates a set of challenges that will be familiar to anyone engaged in systems change work.

Firstly, doing collaborative systems work requires skilled facilitation and leadership. Interviewees described the challenge of getting participants to suspend disbelief and imagine that things could be different. In trying to bring people into a vision of transformative change, the importance of “moving at the speed of the system” became clear. Time is needed to build the trust required to bring the many different actors involved to a shared vision and agreed course of action.

Secondly, an ambitious vision creates expectations, and those need to be managed carefully through communications. By rallying people around a shared vision of a better life for people in MSP, the Coalition created expectations for a kind of change that typically unfolds over decades, while many stakeholders

demand tangible progress along a much shorter timeline in order to remain engaged. So GroundBreak's communications challenge is formidable, requiring the Coalition to do messaging in ways that is at once inspiring and motivating without creating false hopes, and clear and consistent without closing the door to adapting goals, strategies, and ways of working in response to emergent learning and outside forces.

“Systems change takes a lot of time. There are plenty of people frustrated at not having seen more progress on the ground. If we were just going to pump money through existing programs, we could have moved more quickly. But the pace at which we move is a function of the depth of the impact we're trying to have.”

– JEN FORD REEDY, BUSH FOUNDATION

Indeed, it is inherent to ambitious change efforts to create visions and new ways of working that are difficult to clearly and tangibly describe. The Coalition is constantly refining the way it talks about its work, in an attempt to capture what is simultaneously a simple core idea— making multiple financial services available to historically disadvantaged communities in a way that addresses generational wealth inequalities—and a complex task of building unprecedented alliances and agreements to enable capital to flow differently. As Jen Ford Reedy put it: “In some ways, talking about our work in systemic terms abstracts it and makes it harder for people to understand, while what we're doing is incredibly simple.”

There are no easy answers to these challenges. GroundBreak could have been less ambitious in its messaging, thereby reducing expectations and the pressure to deliver change quickly, but this could easily have undermined the success the Coalition has enjoyed in building impressive momentum across sectors.

3.4 Remaining responsive to changing macro conditions is vital

While GroundBreak operates within a particular geographic area (the region of MSP), this area is embedded in a larger cultural, economic, and political context. As a result, the Coalition is impacted by changes in the macro environment. For instance, at the time of writing, the Coalition faces a different political environment domestically (due to the results of the federal elections of November 2024), a more volatile geopolitical situation, and more uncertain economic conditions than when it started out.

One area in which these changed conditions show up is in the development of commercial real estate. Economic uncertainty tends to slow construction activity in general, but particularly for projects that tend to be perceived as more risky—such as commercial developments. As a result, the Coalition has, at times in the past, been forced to deprioritize this area of its work.

GroundBreak has also come to understand that it is important to be sensitive to political changes at the state and federal level. This is in part about staying compliant with new laws and regulations. It is also about navigating political sentiments and rhetoric in a manner that allows GroundBreak to stay true to its values while finding pragmatic ways of overcoming the kind of cyclical adversity that transformative efforts tend to inevitably encounter over time.

As one of the people interviewed for this case study said: “The key is to remain nimble and flexible. There will be changes, the wind will blow from different directions. So the challenge is to keep going when those winds shift, remaining steadfast in maintaining momentum.” A major enabler of such flexibility is the governance and legal structures chosen by GroundBreak, which have been designed for continuous learning and adjustment.

3.5 The onus to change is on everybody

It might be tempting to see the stakeholders participating in the GroundBreak Coalition as falling into one of two camps—the enlightened foundations and the ignorant banks—and to conclude that achieving the Coalition’s goals primarily depends on the banks

changing their lending practices. But this would be a misreading of the situation.

In fact, there is widespread recognition amongst Coalition partners that the onus to change is on everybody. Foundations acknowledge the need for them to improve their understanding of how banks work, especially with regards to the regulatory framework within which they operate, and to meet them where they are. They also recognize the need to build a “bridging infrastructure” between banks and nonprofits and to find ways of leveraging philanthropic capital to unlock private-sector money—neither of which represent traditional ways of working for foundations.

Equally, it is for banks to embrace the opportunity to learn by working not only with foundations but also with other banks, to bring diverse experiences to the table and learn together about how to best tackle an issue. As Corey Mensink of Sunrise Banks explained: “It’s been powerful to see such a diverse group of organizations unite around a common goal. Each looks at the issue through its own lens, and together we can collectively harness those experiences to find effective solutions.”

Providing an infrastructure for collective learning and behavior change is a critical value proposition of the GroundBreak Coalition’s backbone project team. Without it, structural change to the way capital flows in MSP seems impossible. But with it, a space opens up for all stakeholders to think differently about what is possible for them and the risks they are able to take. Both banking and philanthropy are “industries” that are hundreds of years old, so it takes a systematic and sustained effort to create the possibility to unlearn traditional ways of working on both sides.

“We can take baby steps into this. If things keep working well, we will expand the work. And if they don’t, we can pivot. Through the collective experience with the other banks we can learn and evolve together over time.”

— COREY MENSINK, SUNRISE BANKS

4. Food for Thought

In this section, we are sharing some thought-provoking reflections that emerged for us at TCI over the course of writing this case study. We are presenting these reflections in the form of questions, rather than statements, because we recognize the limits of our own understanding of GroundBreak’s work, the complexity that comes with the Coalition’s mission, and the need for a plurality of approaches to creating transformational change.

4.1 How could the GroundBreak Coalition make greater use of systems and complexity thinking in creating governance structures?

GroundBreak is tackling the formidable challenge of creating governance structures that provide clarity and accountability while remaining adaptable and sensitive to changes in a highly complex environment.

Conventional thinking around governance—and also about monitoring and evaluation (M&E), which tends to be strongly influenced by governance design—is not set up to address this challenge. It typically relies on clear delineation of roles and responsibilities, hierarchical structures, numerical targets, and a focus on accountability. As such, these approaches are incompatible with working in highly complex environments and initiatives, where adaptability and flexibility are prized. So what does effective governance even look like in the context GroundBreak operates? And what are the alternatives to conventional approaches?

Systemic investing draws on a growing body of expertise and experience among practitioners and theorists striving to understand how to work in complex contexts. This includes active exploration of what complexity-informed governance and M&E structures could look like. More fundamentally, it entails exploring the mindsets that lead us to expect and require conventional forms of accountability and M&E, and—as a counterpoint—what it would mean to start to adopt a systems mindset. Could the Coalition seek to use the growing volume of resources on working in

complexity to support its growth and development as an organization? This could take the form of training for key partners and stakeholders, or learning from parallel efforts to design accountability structures.

These comments also apply to the growing field of systems and complexity-aware monitoring and evaluation practice. Could GroundBreak tap into this growing body of experience in order to test and develop new approaches to **Measurement, Learning and Sensemaking (↗)**? What would it look like for the measurement frameworks being developed to generate truly insightful and actionable learnings that correspond to the complexity of the challenge, rather than trying to simplify and control the problem?

4.2 How could GroundBreak Coalition solidify the bridge between its transformational intent and its theory of transformation?

Working towards system transformation requires striking a balance—allowing enough flexibility to adapt to a changing environment while having sufficient clarity of direction to support collaborative action. One thing we have observed in our work is the importance of creating a causal bridge between high-level transformative intent and the immediate reality of deciding what to do today, tomorrow, and next week. In the absence of such a bridge, the strategy being adopted for immediate action may not have a very strong connection to the desired future, which may prove to be so distant that it is not in fact an effective guide for action.

Theory of Transformation (↗) is one tool that can be used to articulate the connection between the actions being taken now and the future we want to see. It allows for testing the thinking and assumptions behind how actions being taken today lead to a desired future. Crucially, going through this process can help surface differences in understanding of the “north star” goal, thereby strengthening collaborations.

GroundBreak Coalition's high-level ambition is to create "a future that is dramatically more inclusive, just, racially equitable, and climate-ready". Meanwhile, its 10-year goals are articulated as output metrics in terms of people becoming homeowners (11,000) and entrepreneurs (5,000) and of commercial real estate projects being realized (60). Is it possible that, by 2034, all these output goals will have been met and yet MSP will (for whatever reasons) not be more inclusive, just, racially equitable, and climate-ready than it is today? This might be a remote possibility, but GroundBreak would not be the first change initiative to achieve its output goals while seeing its higher-level vision not being realized.

What, then, would the Coalition gain if it more clearly articulated the connection between those output metrics and its long-term vision? Would it discover new avenues for generating impact or generate ideas for doing things differently? Would it be able to manage its impact risks more effectively? Would it get valuable information for how to design its learning, sensemaking, and impact measurement system?

These suggestions should not be read as asking for a traditional theory of change approach, which attempts to spell out a causal pathway that is then used to structure impact measurement frameworks. Instead, a theory of transformation attempts to strike a balance between, on the one hand, surfacing assumptions about how change happens and cautiously specifying the kinds of effects an initiative hopes to achieve, and, on the other hand, recognizing that the environment is ever-changing and an initiative's strategy will have to evolve over time. Going through such an exercise may help GroundBreak become even clearer about its mission, strengthen the conviction in its current strategy, and discover ways of guarding against mission drift.

Similarly, the concept of **Transition Pathways (↗)** underlines how, when working in complexity, there are multiple possible paths forward. Could GroundBreak be more explicit about identifying multiple possible future scenarios, in recognition of the inherent uncertainty in trying to bring about transformational change? This is a way of considering both intended and unintended consequences that might result from the work, and so is helpful for considering the risks involved.

For example, GroundBreak has set the target of creating 11,000 new homeowners. How is the goal affected by the many factors that affect the housing market in MSP? What happens in a future where the growth in demand for housing pushes up prices (because the stock of available housing is insufficient to meet this newly created demand)? Or where broader economic conditions depress housing values, pushing new owners into negative equity? Or where construction activity causes problematic gentrification? The point here is not to hold GroundBreak responsible for all possible future scenarios but to suggest how the tools of systemic investing might be helpful in building resilience of the organization when working in complexity.

4.3 How could GroundBreak Coalition use the ideas of nesting to expand its scope in tackling systemic racism and injustice?

GroundBreak's goal of "a future that is dramatically more inclusive, just, racially equitable, and climate-ready" is laudable in its ambition. The Coalition is aware that reducing wealth inequalities through a combination of redesigned financial products is only part of the picture.

The systemic investing hallmarks of **Nesting (↗)** and **Combinatorial Effects (↗)** help explore what it might mean for GroundBreak to leverage and amplify its work further. When an initiative seeks to nest its work in a broader system change effort (i.e., synergistically aligns its activities with those of other organizations in the system), it increases the chances of creating combinatorial effects.

In the context of MSP, for example, what would happen if GroundBreak expanded its awareness of initiatives which share its vision of a desired future but sit outside the domain of finance? Might there be opportunities to align the Coalition's work with, for example, an initiative seeking to improve the quality of education in the area? Is there a school that might benefit from the investment going into building local economic activity, e.g., through factoring the needs of school children into the businesses being supported?

Systemic thinking is a powerful tool for making unusual connections and rethinking the categories that put boundaries on the scope of change initiatives. Are there steps that GroundBreak could take to nest its existing

portfolio of work in a broader system change effort, so that Coalition amplifies—and is in turn reinforced by—other attempts to tackle racism and injustice?



Photo by Spencer Bergen on Unsplash

5. Final Reflections

At TCI, we like a good pun, so we take delight in saying that, in our view, the GroundBreak Coalition is indeed breaking new ground—in how multiple forms of capital can be strategically orchestrated in service of a positive transformative vision for the future. In some areas of its work, the Coalition might represent the very tip of the innovation spear, demonstrating in exemplary ways how to develop a transformative vision, develop collectively owned strategies, build multi-stakeholder coalitions, and design investment architectures.

It lies in the nature of case studies that they narrate what is usually a messy history in a clean and neatly organized way, as we have tried to do here. And yet we have no doubt that every single step of GroundBreak’s journey was difficult. Even just attempting to do what the Coalition has set out to do would be commendable. But to actually make capital flow in a new investment logic, to progress beyond concept notes to the stage of implementation, deserves a lot of credit. Capital holders are conservative, so it cannot be understated how hard it is to get them to see the world differently, to do things differently.

What the GroundBreak Coalition also represents is an example of a new but essential piece of infrastructure

in systems change: the financial backbone. Not all complex societal issues can be addressed by changing the way capital flows—but many can. And where this is true, it will almost always be the case that multiple forms of capital from multiple sources must be strategically orchestrated, often in new, creative, and collaborative ways. Today, there is usually no type of organization that has the mandate, funding, and capability to do that—not the banks, asset managers, foundations, or community organizations working in a place like MSP. So what is needed is for someone to play the function of financial backbone to develop collectively owned strategies, build coalitions, design and operate investment and funding vehicles, ensure proper governance, work against mission drift, generate learnings, and measure impact. And that is exactly what the GroundBreak Coalition does.

As we continue to cheer on GroundBreak from the sidelines, our interests will not only be in witnessing the tangible difference the Coalition will make in the lives of people of MSP. It will also be in understanding how GroundBreak can serve as a role model for establishing financial backbones around the world to tackle a myriad of environmental and social issues in all manner of contexts.



GroundBreak ‘Reckoning for Truth, Trust and Racial Justice’ tour in Selma, AL | February 2024

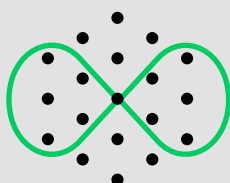
Photo courtesy of GroundBreak Coalition, used with permission

Hallmarks of Systemic Investing

1 CONCEPT

Systems Mindset

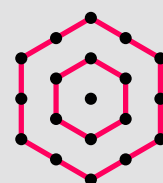
The fundamental attitudes, beliefs, and dispositions—anchored in systems thinking and complex systems science—directing the way systemic investors think about societal issues and how to address them



2 CONCEPT

Transformational Intent

The high-level change vision for a particular system



3 PROCESS

Systems Analysis

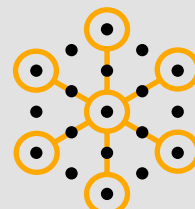
The generation of strategic intelligence informing capital deployment decisions in systemic investment programs



4 PROCESS

Systems Mapping

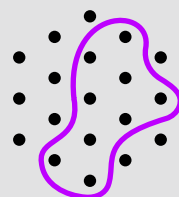
Identifying and visualizing nodes, relationships, and dynamics within a system



5 CONCEPT

System Boundary

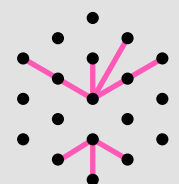
A conceptual demarcation that defines the scope and limits of a system



6 CONCEPT

Leverage Points

Places within a complex system where a (relatively) small shift can produce outsized effects in other places of the system



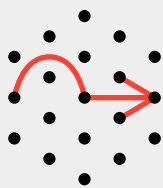
Discover more

For additional information about what systemic investing is, including more detail on each of the 16 hallmarks, read TCI's publication "[Definition and Hallmarks of Systemic Investing](#)".

7 CONCEPT

Theory of Transformation

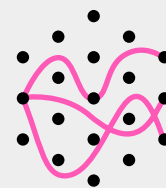
The overarching hypothesis of how a transformational intent could be realized



8 CONCEPT

Transition Pathways

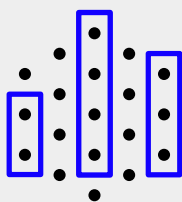
An evolutionary trajectory—understood as a series of stepping stones of “adjacent possibles”—that a system might follow given its path-dependency and current directionality



9 CONCEPT

System Financing Needs

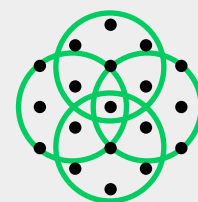
A hypothesis of the capital requirements for achieving a particular transformational intent



10 PROCESS

Coalition Building and Orchestration

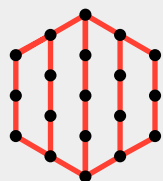
Developing and nurturing a group of investors and funders committed to a shared transformational intent and theory of transformation



11 CONCEPT

Investment Architecture

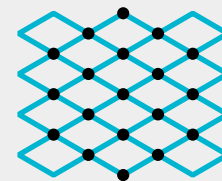
The design of the overall capital structure of a systemic investment program



12 CONCEPT

Strategic Investment Portfolio

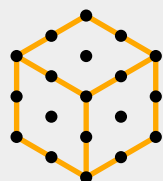
A collection of assets funded with return-seeking capital sitting within the overall investment architecture



13 CONCEPT

Investment Vehicle Design

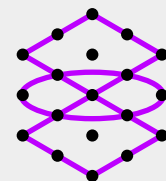
The form, configuration, and legal structure of the containers in which assets and unallocated capital sit



14 CONCEPT

Nesting

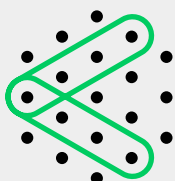
The deliberate synergistic alignment of an investment portfolio with a broader system intervention approach



15 CONCEPT

Combinatorial Effects

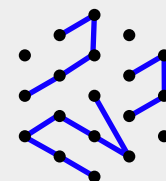
The synergies that arise when multiple interventions stand in a strategic relationship with one another



16 PROCESS

Measurement, Learning and Sensemaking

A systematic approach to generating insights and a basis for accountability in systemic investment programs



About the authors



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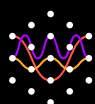
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Systemic Investing for Sustainability