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Dear Investors:

I want to take this opportunity to bring you up to date on consortium activity and introduce you to our new brand, Variable Ventures. We have attempted to pay homage to the well-known and ubiquitous “asterisk” by adopting the mathematical application of the asterisk as a “variable” value. Just a quick review of the initiatives we jointly identified in Lake Tahoe last July highlights the variety of challenges and business opportunities that are on the minds of our network leaders and owners. This is the best environment and the best time for us to collaboratively leverage our combined network assets within an incubator/investor business model.

Year 1 Activities

Our first two years (May 2018 -May 2020) will be focused on taking those steps necessary to flush out this proof of concept we now call Variable Ventures. We will be dedicating this first year to identifying and establishing the business rules, methods and practices necessary to our success. The instinct to just go “do something!!” can be overpowering, but my experience is that taking the time to establish clearly agreed governance rules and roles, will make the execution of future innovative networked initiatives easier, speedier and more likely to succeed.

We will also be working with your management teams and board members on what they need to know to play their vital role in collaborative networked incubator. We have already begun the process to collect the institutional information to better communicate and understand our individual and network-based business objectives, like our strategic plans. Our next efforts will be directed to better understanding and formalizing both individual partner and mutual networked processes for intra-network capitalization and lending for network and incubator initiatives. Incubation and development before establishing funding rules is getting the cart before the horse. To the best of my knowledge the only Variable Venture partner who currently has a board approved investment policy is CU*Answers. All partner organizations should be working on adopting a similar policy which outlines both their appetite and financial capacity for making investments or participating in lending strategies.

I certainly view supporting each partners effort to develop those policies necessary to be a successful network participant as one of my duties, so in order to establish a Variable Ventures investment policy I’ll help any of you establish your own investment policy as a first step. I’ll be following up individually with each of you as the next steps we can take to accomplish this vital step in organizational start-up.

We will be engaging both Stephanie Underwood and Nick Gowey on a part-time basis to support our administrative efforts. Stephanie will be responsible for Board Administration and co-ordination and Nick will be responsible for general administration, including our web content and incubation factory tools.

As part of her duties, Stephanie will be in contact with each of you to establish our meeting schedule for the next year. Our strategic documentation identified 6 partner meetings a year, with 5 being Zoom sessions and one being face to face. We will try to piggy back the face to face meeting with another meeting which would bring most of you together in one place.

Year 2 Activities

Our second year of operation will begin with a business plan that leverages year one activities and begins to “practice” those strategies and tactics which have been established in year one and which utilizes the incubation process and tools to execute selected network initiatives. We will continue to develop the incubation and development skill sets of network partner employees and continue to enlarge our presence in entrepreneurial and fintech environments.

Our Year 2 efforts will be the measuring stick for our **Year 3** decision to either move on to the incorporation of a Variable Ventures CUSO, continue operations as an unincorporated consortium of network partners or dismantle our proof of concept, accept the lessons learned and move on.

Funding

Please be on the alert for an invoice from CU*Answers accounting for the \$2,000 monthly commitment, effective May 1. Bob and his team will be setting up some subsidiary GL accounts so we can track expenses and other financial activities in order that we will have the necessary historical information to build budgets for the incorporation in Year 3, should that be the decision of the owners.

My experience, knowledge and familiarity with this original network of CUAsterisk.com partners makes me confident that Variable Ventures will prove to be a vehicle which promotes and enables network sustainability and growth. Its focus on learning more about how we work and learn together as networked partners will be every bit as important as the initiatives that we jointly develop to benefit our credit unions and their members.

Let's get going and thanks to all of you for your commitment.

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