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Social Entrepreneurs
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edited by KK Tse

Social Investors Club –

Providing you with seed capital and all the support for your startup success

By K K Tse

It's amazing to observe that although Hong Kong is known to be one of the major financial centres in the world and yet social enterprises looking for startup capital (as distinct from grants) could find no one to turn to.

The past few years have witnessed the birth of a large number of privately-funded social enterprises in Hong Kong. This is most encouraging – to say the least. But unfortunately there is hardly any organization around that an aspiring social entrepreneur could approach to seek advice on, or obtain, seed capital. There has been much talk about 'impact investing', but it is difficult, if not impossible, to know where to find prospective impact investors.

The Social Investors Club attempts to fill this gap. The Club's mission is to provide social enterprise startups with two types of support:

- a) early stage capital (sometimes known as 'angel capital'); and
- b) all the support that they need to succeed.

The Club believes that these two types of support must go together. Unlike venture capital funds (which typically have a portfolio of investments) where success of one in ten or more investees might bring in handsome returns, investment in social enterprises entails a very different approach. As few – if any – of social enterprise investments might yield a big return, it is imperative to ensure that all investees will be given as much support as possible to enable them to succeed.

The Social Investors Club will be working closely with **Education for Good** so as to leverage the latter's expertise to provide training, coaching and networking opportunities to the investees.

A Spectacular Failure

Anyone who is familiar with KK knows that he had tried to set up a similar Social Investors Club a few years back. It was a spectacular failure. The Club was in operation for two full years without having invested in a single social enterprise. The company was finally dissolved. In KK's memory, it was a project that had consumed the largest amount of his time and energy with practically zero results. The failure was particularly spectacular as it was a well known story in town.

But it didn't deter him, as he finds that the need for such an organization is huge. What is more, it reminds him of the value of failures on the road to success. He is fond of sharing with his associates the following quotes to underline the importance of failing from time to time:

"Failure is only the opportunity to begin again, only this time more wisely."

Henry Ford

"Success is the ability to go from failure to failure without losing your enthusiasm."

Winston Churchill

"There is no failure except in no longer trying."

Elbert Hubbard

"If you're not failing every now and then, it's a sign you're not doing anything very innovative."

Woody Allen

A New Setup to Support your Success

The newly reconstituted Social Investors Club is now open to business. KK is the Chairman and the largest shareholder. The other shareholders and directors come from diverse background but have one thing in common: they have all gone through social entrepreneurship training together. We are determined to create a new model for providing seed capital as well as other non-financial support to power our investees' success.

The Club will consider projects which focus on areas such as the following:

1. **Poverty** (e.g. income generation for low-income groups, reducing income inequity, etc.)
2. **Employment** (e.g. creating jobs for disadvantaged groups, unemployed, new migrants, etc.)
3. **Environment** (e.g. waste reduction, air pollution prevention, energy saving, recycling, upcycling, etc.)
4. **Education** (e.g. alternative education, education equality, parent education, moral/civic education, youth empowerment, etc.)

5. **Elderly** (e.g. home care, alternative care, employment, cross-generation dialogue, etc.)
6. **Health care** (e.g. affordable care, care for special needs, SE hospital/clinic, innovative insurance schemes, etc.)
7. **Housing** (affordability, innovative provision, creative housing finance, environmental friendly housing, etc.)
8. **Social inclusion** (eliminating prejudice, embracing diversity, barrier-free access, job opportunities, etc.)
9. **Social justice** (equal opportunities, fair trade, free media, human rights, etc.)

If you are working on any project in these areas and are looking for seed capital and incubation support, do come to talk to us.

The Ideal Investee

The following are of paramount importance:

- A founding team, not just a lone founder – the team could be just two or three members
- Passionate about the social issue concerned
- Possesses some bold, innovative ideas to address the issue
- Mastery of the lean startup methodology would be a definite advantage (training will be provided if required)
- Coachability – meaning that the team is receptive to coaching
- Scalability – having potential for scaling for impact

The Club is eager to work with aspiring social entrepreneurs who have the determination and commitment to make a difference. The initial financial funding will be between HK\$100,000 and HK\$500,000, either as investment or loan. In addition, there will be other forms of support available to the investee such as marketing, financial planning, company setup, customer development, etc. In short, the Club would not commit to an investee lightly, but once it does, it will go out of its way to provide whatever support is needed to make it a success.

For enquiries, please contact any one of our directors:

KK Tse	kakuitse@gmail.com
Ada Yip	ada_yip@hotmail.com
Connie Lee	spcleehk@yahoo.com.hk
Florence Chan	chanflor@hotmail.com
Phoebe Lam	phoebelamyh@gmail.com
Michelle Chan	michellechan1977@gmail.com