

Lucky former executive forms his own brand of philanthropy

March 18, 2002

By: Gordon Pitts - Globe and Mail

TORONTO -- Bill Young figures he got rich by getting lucky. Now he's giving money away to help people whose luck has run out.

Mr. Young runs a \$10-million charitable foundation in Toronto, mostly funded by stock market winnings from an investment in his cousin's U.S. software company.

"I was one of those lucky people who had more than I needed," says Mr. Young, a chartered accountant and Harvard MBA graduate, who turned his back on the life of a high-flying manager two years ago to concentrate on his social goals.

"I don't go home at night now saying, 'Why am I doing this?' " says Mr. Young, 47, whose organization, Social Capital Partners of Toronto, aims to foster a new brand of philanthropy in Canada.

Social Capital Partners will advise and fund "social entrepreneurs," people who want to start up revenue-generating businesses that will employ the disadvantaged, with an initial focus on at-risk youth.

The idea is that these ventures will become self-sufficient, allowing them to be weaned off government assistance and be more insulated from the vagaries of traditional charitable funding.

Mr. Young expects projects funded by his foundation to provide real jobs, as opposed to skills training that is often remote from the reality of the marketplace.

The aim of his "venture philanthropy," he says, is to support projects that have a double bottom line -- financial and social, he says. He concedes it is hard to find organizations that can balance both aspects.

To stimulate his model, Mr. Young has set in motion a couple of projects. His organization has given \$200,000 to the Rotman School of Management at University of Toronto, which, matched by the university, will fund a \$10,000 annual fellowship for MBA students who want to work in the not-for-profit sector.

As well, it is sponsoring a business plan competition to identify social entrepreneurs with ideas for employing disadvantaged people. Social Capital Partners will award \$15,000 in cash to the best plan, but the real payoff could be up to \$1-million in potential financing to put the plan into action.

Social Capital Partners has not funded any projects yet, but it is looking at several possibilities. For example, it is talking to All-A-Board Youth Ventures Inc. of Toronto, which employs at-risk youth in three businesses -- a restaurant called River, a woodworking operation and a desktop media firm.

The organization is now supported by a mix of corporate fundraising, the federal government and its own revenue.

All-A-Board's executive director Tom Freeman says any training model that allows a person to create a product that is actually sold is more effective than working at something that is never marketed.

For Mr. Young, the programs represent a dramatic shift of priorities because he turned his back on the life of an executive. He is a former president of Hamilton Computers, a Toronto company that was in the computer reselling business, which he sold to GE Capital Ltd. in the early 1990s.

Mr. Young was also one of a number of family members who helped back his first cousin, Robert Young, in the early stages of co-founding Red Hat Inc., the North Carolina company that became the world's leading supplier of Linux operating system software.

Red Hat became a stock market high flier, with its share price rising above \$140 (U.S.) in January, 2000, but like many tech stocks, it has come back to earth, now trading around \$7.

Still, the Youngs have done well. Bill Young's mother Joyce, a community volunteer in Hamilton, gave \$40-million (Canadian) worth of Red Hat shares to the Hamilton Community Foundation in 2000. "It was horrifying to have so much money," she said at the time.

Ms. Young said she felt uncomfortable with such wealth when there were so many hungry people, and so many waiting in line for cancer treatment.

"I'm inspired by what Mom's done," Bill Young says. "She has taught me well. I feel fortunate to be able to dedicate my career to helping others."

In the late nineties, Mr. Young was president and CEO of Optel Communications Corp., a company that took on Bell Canada in the newly competitive local telecommunications market in Toronto.

But Mr. Young was appalled by the crazy markets of the late nineties. "I felt that an emerging telecom company was on the lunatic fringe of capital markets," he says. At times, the markets seemed to be the only factor that had any influence over companies like his, he says.

So he quit in 2000 to work on his new charitable foundation, called Bealight Foundation, which was funded largely with money from the stock proceeds of Red Hat. Bealight provides the funding for Social Capital Partners.

Mr. Young says he knows of no other Canadian models for his concept, but there are a number of social enterprise programs in the United States. He is particularly influenced by the Roberts Enterprise Development Fund, which was established by George Roberts, one of the senior partners of the Wall Street buyout firm Kohlberg Kravis and Roberts.