

## **Venture capital's softer side starts to show**

Philanthropic investing

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By: Mark Evans - National Post

While the venture capital industry has taken a lower profile in the wake of the high-tech meltdown, one area attracting more interest is venture philanthropy.

Entrepreneurs and investors who made a lot of money during the good times are looking to return the favour by using some of their wealth to support the creation of non-profit organizations that can give people a helping hand.

The best-known player in this market is probably the Roberts Enterprise Development Fund, which was started by George Roberts, a billionaire who is partner with investment bank/leverage buyout specialist Kravis Kohlberg Roberts.

Mr. Roberts' US\$16-million foundation supports 10 non-profit organizations that create businesses that provide jobs to homeless and low-income individuals. Some of the companies created include a bicycle repair shop, a commercial bakery and Ben & Jerry's Ice Cream franchises.

Bill Young has decided to support the growth of venture philanthropy in Canada through the creation of Social Capital Partners, which is using Roberts Enterprise Development Fund as a model for success.

Mr. Young, who made his wealth through an ownership stake in a computer reseller and an early-stage investment in Red Hat Inc., has contributed \$10-million into a foundation that will back the creation of not-for-profit businesses. (Mr. Young's cousin is Robert Young, who co-founded Red Hat.)

"We want to finance and incubate any revenue-generating enterprise that wants to employ disadvantaged population," he said. "We are trying to help disadvantaged populations find ways to financial self-sufficiency through a job, and acquiring the job skills to get that job."

Mr. Young said social enterprises have what he calls a "double bottom line". This consists of a financial outcome where a business has to generate sales and operating profit to cover its costs; and a social outcome where a company provides jobs and training to people who need it.

To jump-start his initiative and social entrepreneurialism, Mr. Young said Social Capital Partners will be running a business plan contest over the next three months. A panel of judges will review ideas for self-sustaining, revenue-generating social enterprises. The winner will win a cash prize of \$15,000, and be given the opportunity to work with Social Capital Partners to creation a plan to launch the business.