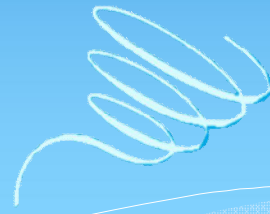


Challenges Facing Community Interest Companies in Hong Kong: the Case of the Love Plus Hope Community Interest Co Ltd

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Observations of the HK Economy

- * High cost city (rent, salary): risky to start new businesses
- * Heavy concentration on the real estate market and financial services: encouraging short-term thinking
- * Stifle
 - * Creativity
 - * Entrepreneurship



LOVE + HOPE

Observations of HK Society

- * Between 2001 and 2010, the wealth gap in terms of monthly household income has widened
- * Changing family structure
 - * Smaller families
 - * More single-parent/absent parent families
- * Inter-generation poverty



My Aspirations

- * To do good “with the community, for the community”
- * Three areas :
 1. Enrichment of the economic ecology (create jobs, revitalize industry)
 2. Assistance to low income families (education, exposure)
 3. Promotion of a collaborative spirit (inclusive platform)
- * Outcome : Creation of a social brand



Question: How?

- * Commercial firms ↔ NGOs/Social enterprises
- * Is there another form in-between?



In Search of an Alternative

- * Social enterprises are an obvious option, but in HK, they are usually run by NGOs and supported by government funds
- * According to a recent survey of social enterprises in HK commissioned by the Hong Kong General Chamber of Social Enterprises,
 - * the **price** and the **quality** of the products affect customers' choice more so than the fact that these products are made by social enterprises
 - * It takes **3-6 years** to become financially viable



In Search of an Alternative (cont'd)

- * Thus, for a social enterprise to be successful, it needs to have:
 - * Long term commitment, conviction, teamwork
 - * Business mentality
 - * Quality products/services at competitive prices
- * Essentially, it needs to draw on the experience, expertise, and network of business people



The Community Interest Company (CIC)

- * In the UK, CIC status gives a legal framework to social enterprises (CIC Regulations 2005)
- * Major features:
 - * Trade with a social purpose or carry on other activities which are beneficial to community
 - * Enjoy the benefits of limited company status
 - * Are dividend capped
 - * Are asset locked: assets and profits may only be
 - * Retained within the company for community purpose
 - * Transferred to another asset-locked organization



CIC (cont'd)

- * The CIC model seems to fit our purpose:
 - * Social cause attached to a business
 - * Commercially driven
 - * Clear layout of asset and dividend allocation
 - * More flexible than charity, NGOs
 - * Attract investment rather than donation
 - * Attract business minded people to contribute time and expertise
 - * Returns are not only measured in material terms, but more importantly, by social benefits



The Love Plus Hope CIC Ltd.

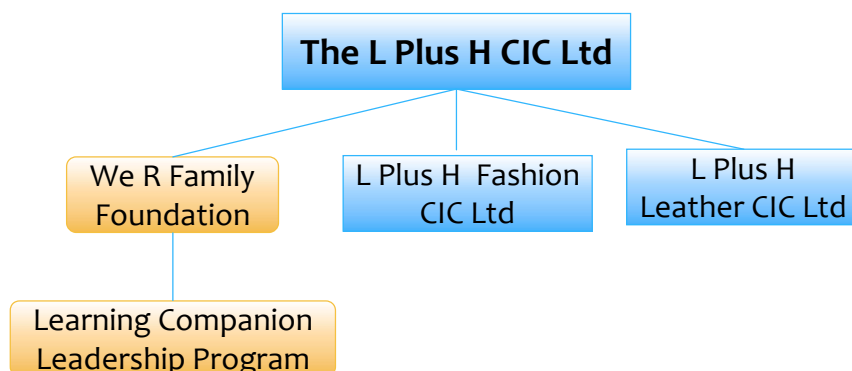
- * Established in 2008
- * Modeled after UK's CIC, with asset lock and dividend cap
- * Vision: Hong Kong as one Community
- * Approach: from the business/entrepreneur angle (risk taking, longer term commitment, management, competition)
- * Funding: self-funded



Major Milestones

Time	Activities
2007 – 2008	Searching for alternatives
2008 November	The L Plus H CIC Ltd
2008 December	The L Plus H Fashion CIC Ltd
2010 February	The We R Family Foundation
2010 February	333 Learning Companion Leadership Program
2011 April	The L Plus H Leather CIC Ltd

Organization Structure



The L Plus H Fashion CIC Ltd

- * A 18,000 sq ft knitwear factory in Tuen Mun
- * Opened in July 2009, currently about 80 employees
- * Objectives:
 - * Create jobs
 - * Re-define the spirit of workmanship
 - * Revive the “Made in Hong Kong” label
 - * Provide a collaborative and learning workshop among designers, workers, technicians, and entrepreneurs



Tun Mun Factory



The L Plus H Leather CIC Ltd

- * 3 craftsmen
- * Products: Handbags, belts, leather accessories
- * Adding diversity to the L Plus H Fashion retail shop
- * Aim: Continue and preserve HK's traditional craftsmanship



We R Family Foundation

- * A group of friends from the L Plus H Fashion wanted to help children from low income families that are not receiving CSSA
- * The We R Family Foundation was established in 2009
 - * first project : the 333 Learning Companion Leadership Program



幼吾幼慈善基金
We R Family Foundation

The 333 Learning Companion Leadership Program

- * **Target Group**
 - * Underperforming primary school students
 - * Not on welfare (Around 107,500 children)
- * **Strategy**
 - * Academic assistance to improve school work
 - * Value-adding activities & interests session
 - * A loving & caring environment
 - * Development of a replicable model for HK and other countries
- * **Social investment per Child**
 - * Over US\$250 per month



Number of 333 Centers

- * First center opened in January 2010
- * Currently, 3 centers serving 500+ children every school day
- * The 4th center will open in February 2012
- * By early 2012, the 333 program will be serving 700+ children every school day



Homework Session



Value-adding Activities & Sessions

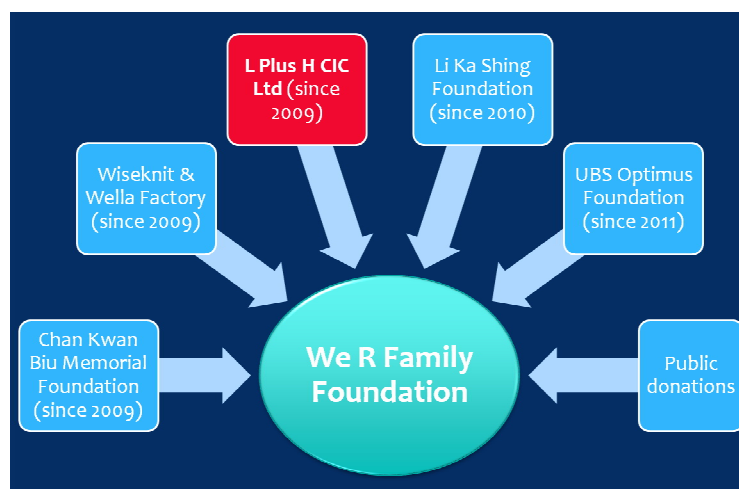


Achievements

1. CIC as an alternative to typical social enterprises in HK
2. Achieving scale and recognition in a relative short period of time
3. Doing good with the community
 - * Machine provider/yarn suppliers give favorable terms
 - * CEO, CTO, Executive Director are all volunteers
 - * Customers
 - * Collaborating with various foundations



A Foundation of Foundations



Challenges

1. Some have doubts about L Plus H being a social enterprise
 - * Not service provision
 - * Not run by NGOs
 - * Products do not have social missions
 - * Employees – Not disabled, ex-prisoners, minorities, elderly
 - * Corporate management, business model
 - * On surface, no different from a modern factory



Challenges

2. Balancing job creation and required resources (outcome vs. input)
3. Creating a (social) brand



L+H Retail Shop



Retail shop in Central

Fashion Show,
featuring local designer



Retail Shop



Returning to the 3 Aspirations

1. Enriching the economic ecology
 - * In progress
2. Creating a platform for doing good
 - * On target
3. Helping low income families esp. in education and exposure
 - * Only partly, working on exposure program



Our Spirit

With the Community
For the Community

