

Billionaire sets up 'mission' to help nation's poorest

The grandfather of private equity, Sir Ronald Cohen, aids entrepreneurs who can drive social change

Stobhan Kennedy

Karen Darby, who left school aged 16 with only one GCSE, is not your classic entrepreneur.

In 2002, while working in a call centre, the single mother of three children came up with the idea of helping families to find the cheapest gas, electricity and phone suppliers and helping them to switch from their existing suppliers free of charge.

She took her idea to Bridges Community Ventures, a venture capital firm co-founded by Sir Ronald Cohen, which backed Ms Darby to the tune of £300,000, as long as she set up her business in a deprived area of London. They chose Croydon.

The business, SimplySwitch, quickly caught on. Ms Darby received a commission from the new suppliers and her customers were happy because she wiped hundreds of pounds off their bills.

"She turned £300,000 into £22 million in three years," Sir Ronald says.

Ms Darby, who pocketed £6 million from the sale of SimplySwitch to Daily Mail and General Trust last year, is one of a growing number of so-called social entrepreneurs whose for-profit businesses are helping to drive social change across Britain.

Sir Ronald has been proselytising about entrepreneurial

take a salary from any of his current projects.

Much of his work today is centred around Bridges Community Ventures, which describes itself as a private equity firm "with a social mission".

Its strategy is to invest only in the poorest 25 per cent of the country. The firm has made 13 investments, sold three companies and seen five go under.

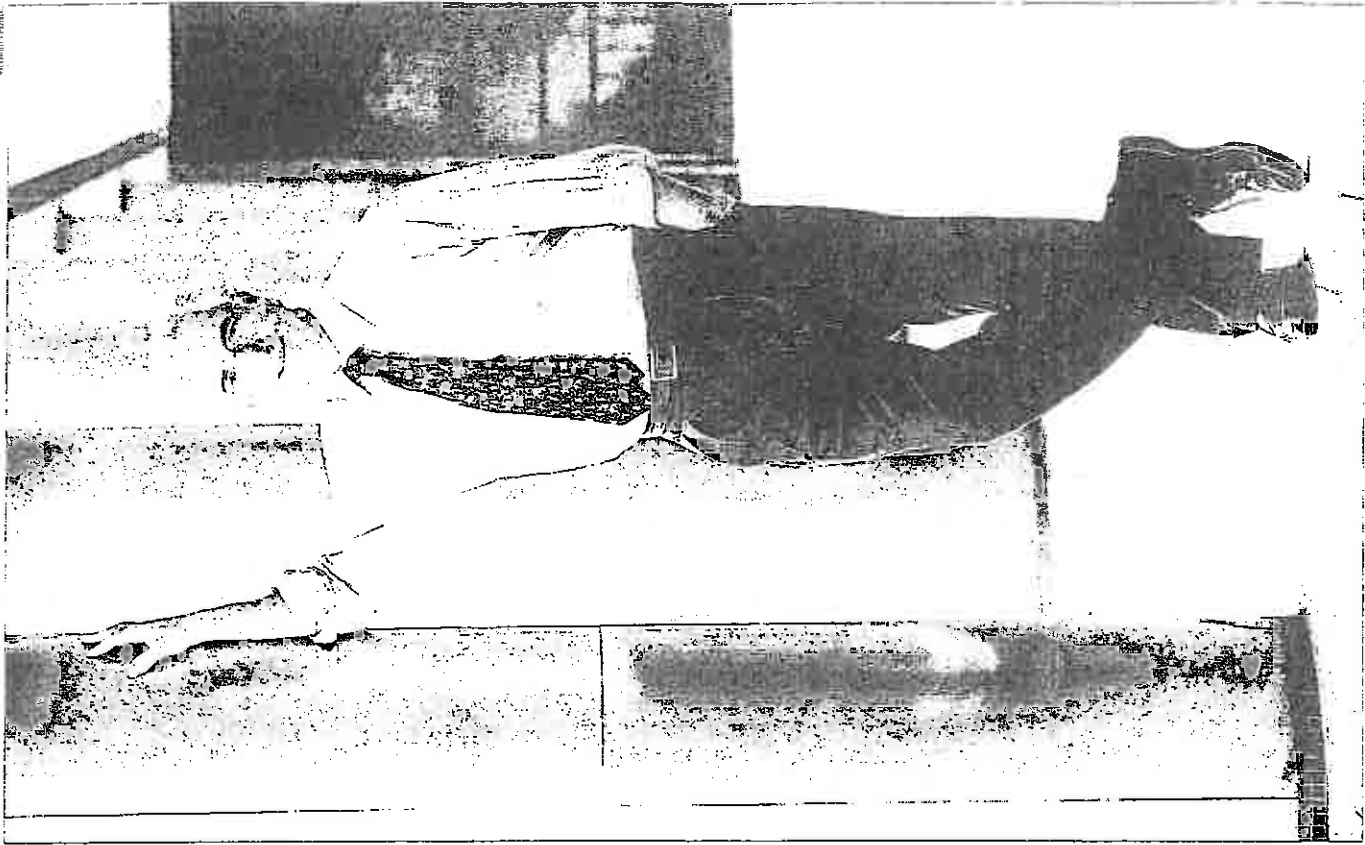
Sir Ronald is convinced that corporations, private equity firms and the Government, through tax incentives, can create thousands of Karen Darbys. He is urging his billionaire friends and investors to step up.

He says: "We have in our hands the ability to turn social investment into an asset class, in the same way we have turned private equity into a mainstream asset class."

"I am convinced there is a wave of social entrepreneurship forming now that feels the same as the wave of business entrepreneurship I felt when I started in 1972."

With Sir Ronald's help, the Government unveiled plans this month for Britain's first "social bank", which aims to invest about £250 million of the estimated £400 million in dormant bank and building society accounts. Although the primary aim is to return the money to its owners, the Commission of Unclaimed Assets, chaired by Sir Ronald, has proposed that the bank uses any outstanding money to fund plans "to tackle social and financial exclusion".

"Across the world there is an increasing number of quality people coming into the field of social development who feel that just giving money away isn't sufficient," he says.



Sir Ronald Cohen works on projects that will help him to return wealth to the community