

# Invest with impact, purpose and meaning to manage your “wealthbeing”

We've all heard of 'wellbeing' in the personal sense, but how does that translate when we look at the investor landscape? The combination of impact investment and philanthropy, even sharing expertise with another brings about 'wealthbeing' - using ones wealth to have a positive impact on society and/or the environment, something investors should be looking to integrate into their portfolios now and firmly into the 2020s.

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Let's start with the consumer, there's an increasing trend in spending with businesses that provide operational transparency, an ethical supply chain and that prioritise sustainability. CONE reported last year that 90% of surveyed Gen Z-ers in the US believe companies must act to help social and environmental issues and 75% will do background research to see if a company is being honest when it takes a stand on issues. The picture isn't much different in the UK, where Millennials and Generation Z expect companies to take clear positions on social and environmental issues, and will vote with their wallets

accordingly. These behaviours have huge knock-on effects: it was projected that, last year, the two generations would comprise 63.5% of the global population and counting.

## Optimism in a landscape of change

These findings predate the global pandemic, though it has only served to bring on an even greater sense of individual responsibility in these groups, who won't hesitate to penalise companies whose values conflict with their own.

That's a majority of users accounted for, but how is it affecting emergent businesses? We spoke with Aurélien Drain, Head of Business Development & Next Generation Entrepreneurs at HSBC Private Banking, who sees obvious growth in digital industries, with a clear surge as a result of COVID-19.

'We're seeing new business models accelerating rather than emerging, with new technology platforms, whether that's in gaming, video conferencing or in digital training solutions, booming because of the changes in customer habits and COVID-19. Traditional sectors are clearly suffering, but it's important to remain optimistic: it's a chance to connect the two, with legacy companies looking to pivot their propositions.

Innovative propositions are those that solve problems, rather than invent them — those that are born from making a real difference to people's lives. Social impact is at the heart of this, and it's being increasingly considered as an area for investment.

## Finding meaning before investing

David Goldberg, Founder and CEO of Founders Pledge, a community of entrepreneurs 'uniquely committed to giving,' makes explicit this need for real solutions when it comes to impact investment.

*'Before you invest, you should make sure the business is actually addressing a meaningful problem that no one else is solving. The main consideration is: could a really effective charity or organisation do what they're doing better? A second*

*consideration is to aim to maximise your investment for impact, not profit.*

Founders Pledge members commit an amount of their current or forthcoming personal wealth to charity, and their 1,400 members from around the world have pledged a total of \$2.4 billion to these causes so far, under the advice and insight provided by the company.

‘We conduct rigorous research into which organisations are the most effective in their field, yet are still in need of additional funding, to inform philanthropic giving decisions,’ he continues. ‘If what you want to see more impact, then I don’t think that COVID should change your approach to investing in that impact. You should aim to increase the opportunities for what you want to see more of in the world.’

## Growing with change

There are ESG-interest companies that are finding their established solutions are even more necessary in a post-COVID world and, as such, are able to capitalise on the world’s leaning towards magnanimity.

In 2019, community engagement solutions company, Built-ID, launched their Give My View platform, which connects developers more meaningfully to the communities in which they are working. If you’re a developer with a vacant building, or one you are yet to renovate, then not only can you get ideas directly from the local community as to what shape the development could take, but also how to best use the space in the interim.

During the pandemic this has provided the opportunity for community facilities in spaces otherwise vacant, and more generally, enables developers to integrate their plans into neighbourhoods with heart. Though we don’t yet have a clear sense of the future of the workplace, it’s easy to foresee increased opportunity for such initiatives in the UK, where there has been a surge in ‘zombie occupiers’ with untenanted buildings across the capital.

Founder and CEO Savannah de Savary, one of Forbes’ ‘30 under 30’ for 2020, set up Built-ID whilst working in real estate in NY. ‘It felt like an old boys’ club.’ Savannah redoubled her challenge to succeed by starting her own business.

And redouble she did. The HSBC Private Banking ‘She’s the Business’ report demonstrates that over 35% of female entrepreneurs still face gender bias

when raising capital. Amongst its findings — which surveyed 1,200 entrepreneurs in Europe, Asia, the Middle East and the US — it was discovered that 58% of female founders are concerned about bias when raising capital. And women receive, on average, 5% less investment than men.

For Savannah, democratising the built environment was at the core of what drove her. 'I wanted to move it away from the 'little black book' way of doing things.

## Shaping the future

This success has been helped hugely by the company's investors. Savannah champions them as those that 'understand the importance of creating more social value.' And there's no lack of them, either:

*"We were oversubscribed at the end of our last round of fundraising."*

So for founders looking to gain capital, it's essential to build networks and find platforms from which you can connect with purposeful VCs: this is especially important if you are trying to break through the glass ceiling, be it as a result of your gender, ethnicity or social status. This has been made even harder as a result of the global pandemic.

One example of an event at which female entrepreneurs can connect to expertise is the HSBC Private Banking x Allbright [Pitch Days](#). These events provide advice and insight, make introductions to VCs and to HSBC's own internal experts, and have been run monthly on Zoom since the start of the pandemic. Events have already happened in London and Los Angeles, with plans for a more activity in Singapore, Hong Kong, New York and Silicon Valley later this year. It's not just women entrepreneurs that HSBC support, either, as Aurélien explains:

*"We have a strong expertise in impact, conscious of our crucial role in supporting entrepreneurs. We*

*have a long history of helping them develop, connecting them with new investors and new market opportunities, with advice on running their business. Within this all, with any businesses we advise, we are keen to help support impact and diversity.”*

## Paying it forward

Savannah is of the belief that this interest in impact, whether in the discourse or the growing trend for WealthBeing, is not only as a result of COVID-19, ‘The greater focus and interest in ESG predates Coronavirus. It’s a trend that’s been increasing for a while now, and no longer is it a box to tick.’

Aurélien concurs. ‘Entrepreneurs are keen to know where they invest and why they invest, and the trend for investing in social impact has increased especially in the last two to three years. We see, entrepreneurs looking to support new initiatives following the sales of their businesses. They’re passionate about supporting the community they’ve been part of and we see many developing their own startup studios and accelerator initiatives. They want to share their expertise and connections: it’s the idea of giving back.’

## Creating meaningful partnerships

What’s next for Built-ID? ‘In the low-touch economy, we’ll be working more with corporations to understand how people’s behaviours and opinions have changed and if indefinitely: we want to connect with clients that want to make data-driven changes.’

The pandemic has shown a global shift in behaviours toward how we interact, travel, work and live. Aurélien posits that we need global solutions. ‘We see healthcare undergoing market growth, the world over, and on account of pandemic risk we’re seeing a mindset shift in how countries collaborate. Likewise, climate change has worldwide implications.’

The argument for diversifying your portfolio by investing in social impact initiatives or values-centred businesses has never been more audible. We’re

seeing now how social impact is going far beyond the third sector and beyond CSR, becoming a guiding principle for the businesses of tomorrow across the world.

For those wondering about the startup landscape over the coming months, it's worth remembering that several Fortune 500 companies were started in a downturn. Alongside the move towards a better world for us all, ESG startups stand a good chance of securing support from a growing number of investors fuelling the solutions we need in the world, and elevating their mood and portfolio with it.

## Savannah de Savary's tips for founders who want to scale

1. Know your company's purpose and don't be afraid to say no to opportunities that don't align with it
2. Don't position your company as a disrupter if adoption by traditional businesses is a priority. Being an enabler can lead to more open doors
3. Leave your ego at the door. You can keep your conviction without forgetting that you're accountable to your employees, shareholders, investors and clients. You're never just your own master
4. Don't compete if you can collaborate. Ask yourself what genuine progress you'll make if you're already stretched thin but trying to add more features to your offering that have already been nailed by other startups.

*Maddyness, media partner of HSBC*