

Decarbonisation, sustainable energy and social impact, a profile of Elbow Beach Capital

In the ever-growing investment landscape, funds are multiplying and diversifying, and for startups there is more to raising investment than the money and the media moment. With #QVCS Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Jon Pollock, CEO of Elbow Beach Capital.

Nick and I met at school in 1994, whilst Tom and Nick met working for an impact start up. Just a year ago we were all working in completely different industries. Nick and Tom were working on a waste-to-energy solution and I was working at BT in its Enterprise division. We were brought together by a mutual concern regarding the impact climate change is having on ecologies and local economies and a shared belief that early-stage capital and focused entrepreneurship are needed to mitigate, arrest and eventually reverse the damage.

Over the course of each of our lives, we've all spent time in Bermuda and at

Elbow Beach, which is genuinely one of the most idyllic places on earth, unfortunately it's also at risk from climate change. Island nations like Bermuda are highly vulnerable to changing weather patterns, rising sea levels and the loss of coral reefs. Elbow Beach isn't just a name or a location to us, it's a barometer. When making investment decisions we think about how the teams we're backing are helping to solve environmental issues like those that Elbow Beach might face in the future. Of course, they don't have to be directly involved in ocean sciences or coastal protection, but they need to be providing tangible solutions to real-world issues.

It's been an eventful start to our VC careers, but we're delighted with the investments we've made so far, the amount of work the founders we've met put into their projects has really driven us to match their energy and enthusiasm, and we're looking forward to backing some more brilliant projects in the coming months.

Which industries are you working in?

We believe in a joined-up approach to tackling environmental and social issues, so we are quite broad in our approach. We have three core investment sectors: decarbonisation, sustainable energy and social impact. Obviously, under each of those umbrellas there's a huge range of technologies to look at, from carbon capture and battery technology to hydroponics and digital healthcare. Our first two investments give a pretty good indication of the breadth of our interests, one focuses on modular bioenergy solutions for food and drink manufacturers while the other builds electric 4x4s. We're much more focused on the companies themselves and the issues they are solving than if they are in a particularly 'trendy' sector, don't expect us to be backing any 5-minute grocery startups anytime soon.

What do you look for in a founder?

Knowledge, enthusiasm and a sense of purpose. We are a collaborative team, and we take a very hands-on approach, we want to understand the businesses we invest in, inside and out. Through this approach we can pretty swiftly identify whether someone is just looking for a quick exit or if they are genuinely passionate about what they do. We don't expect perfection or immediate results, and we are conscious that investing in early-stage businesses inherently leads to delays and pivots, but as long as founders are honest with us and determined enough to make the tough decisions, we are happy to support them through their journey.

Can you talk about your current portfolio?

We have quite a few investments in the pipeline that unfortunately we can't talk about just yet, but we've publicly announced two investments so far.

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Our first investment was in a company called [WASE](#). WASE is a wastewater and bioenergy company which allows food/drink manufacturers and brewers to use their wastewater and food waste to produce bioenergy onsite. Dr Thomas Fudge and his team impressed us immediately, not only are they solving a genuinely significant environmental problem, with over 80% of wastewater worldwide left untreated, but there is also obvious commercial potential with companies rightly under increasing pressure to decarbonise and reduce unnecessary waste. We're thrilled not only with the potential emissions savings that WASE can provide businesses, but also the ambition of Thomas and his team, they are relentless in bringing their technology to market and already have their eyes on international expansion.

Our most recent investment was in electric 4x4 pioneer [Munro](#), who are based up in Glasgow. Munro's Mark 1 is the first electric 4x4 to be fully designed and built in the UK. A lot of investment and publicity has gone into the electrification of passenger vehicles, which is great, but commercial vehicles have been somewhat left behind. The Munro is not a leisure vehicle, it's a fully fit for purpose, rugged off-roader that just so happens to be electric. Like WASE, Munro impressed us with their genuine passion for their technology and ambition to rapidly scale. It's been a pleasure to work with both teams and we'd recommend keeping an eye on them both.

What does the future look like?

The pivot of businesses and governments to sustainable practices has probably been the most visible social and financial trend over the last 10 years and this is only going to accelerate. However, there is no single solution to cutting down

emissions or reducing waste streams, so one trend we have seen and will continue to see is the proliferation of climate technologies. In energy alone, we will need a combination of solar, wind, battery storage, hydrogen, nuclear, tidal, hydroelectric, biomass and countless other solutions to meet rising energy demand while transitioning away from fossil fuels. When tackling waste, we have seen a similar trend, countless solutions all working towards one goal. This is what makes working in early-stage climate solutions so interesting, you get to see technologies, that may one day change the world, at their most nascent stage.

Digitalisation is another important trend. Although many people were already living on their phones and laptops before COVID-19, the pandemic moved more of our lives online than ever before. Even with the obvious downsides of over-consumption of social media or emissions and plastic waste driven by e-commerce, the internet is undeniably a force for good which can bring education and healthcare solutions to the remotest parts of the world. We are interested in the benefits digital inclusion can bring to vulnerable communities and this is certainly an area which we will be looking at this year.

What makes Elbow Beach Capital different?

Venture Capital is new to all of us, which means we're on a bit of a learning curve, but we can also bring a unique approach and perspective to bear. I think Venture Capital, particularly in London, tends to gravitate towards SaaS and fintech, while this may lead to quick exits and short-term wins, we really enjoy the challenge of working with entrepreneurs looking to change the way industry behaves for the better. We have structured Elbow Beach Capital to be as aligned as possible with our investee companies' interests. When we take a seat on a board, we do so only to help founders create and commercialise, rather than meet arbitrary KPIs or to speak on behalf of our own stakeholders and we have our LP's support in this approach.

While commercial success is obviously important to us, we take ESG considerations very seriously indeed. We recognise that not all organisations undertaking important environmental and social projects are run for profit, so we dedicate £50K and 1% of our profits each year to the Elbow Beach Foundation which supports not-for-profit and local community causes.

What one piece of advice would you give

founders?

Be honest from day one and be open to taking advice. As much as some people would like to believe in the origin myths of Facebook or Amazon, you can't build a successful company all on your own. You need to accept that the people around you want you to succeed and that sometimes you need to take a few steps back in order to be successful long-term. Elbow Beach Capital is all about winning as a team and any advice we give is to help our investees achieve this long-term success, we like to think about where a company will be in 5 years rather than 5 months.

Jon Pollock is CEO of *Elbow Beach Capital*.

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