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## INTERVIEW: SIR RONALD COHEN 'FINANCE AS A SOURCE FOR GOOD'

By Dina Medland

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Sir Ronald Cohen has seen the attitudes of the young come full circle over the course of 40 years. The chairman of Big Society Capital, a social investment bank, says the younger generation “wants to make a difference” again.

Sir Ronald should know, as his work with BSC brings him into contact with concerned people of all ages and he himself was – and is – one of those people who wants to make a difference.

Best known as the founding partner and former chairman of Apax Partners, the private equity investment group, he is now more readily associated with his work in social finance.

He is founder chairman of the Portland Trust, an initiative aimed at promoting peace between Israelis and Palestinians through economic development, and co-founder and former chairman of Bridges Ventures, a private investment firm that uses its funds for social or environmental good. Sir Ronald currently chairs its advisory board.

He also founded Social Finance, which devises financial products for social organisations and operates in the UK, US and Israel.

His path towards working in social impact investment began abruptly at the age of 11, when his Jewish parents and their two sons were kicked out of Egypt as President Nasser came to power.

“My parents lost everything and we came to the UK with a suitcase and £10 each,” he says. “I spoke no English. My father took me to Orange Hill grammar school and said ‘take him – he’ll do well’. My first stroke of luck was that they did.”

A fast learner with an encouraging history teacher for inspiration, he was accepted by Exeter College, Oxford, to study philosophy, politics and economics in the heyday of mid-1960s political activism. Tariq Ali, the writer and filmmaker, was also reading PPE at the same college and was president of the Oxford Union.

“I felt very comfortable in that environment and decided I wanted to be the next union president,” Sir Ronald says. “At the time, I imagined I might have a political career.” As president of the Union, he invited a host of politicians and luminaries to speak,

including Robert Kennedy, the US politician, who was assassinated in 1968.

“I remember a conversation with him about the Vietnam war. He asked me ‘what would you do?’ and I said ‘withdraw – it’s not popular and it’s not right’. Perhaps for the first time, I realised that great political figures were human beings with universal dilemmas,” he recalls.

“I also began to get more comfortable with the notion that I could operate at high levels. I began to feel I wanted to make a difference.” He considered his options. The Campaign for Nuclear Disarmament was very active at the time, for example, and “people were concerned, as they are today, about the possible extinction of the planet”, he says.

But Sir Ronald decided that his PPE degree had not really prepared him for a job. At his father’s suggestion, he applied to Harvard Business School and was awarded a Henry Fellowship which covered the costs of the first year. He financed the rest by working at various casual jobs.

He describes Harvard Business School as both “a cold shower” and the inspiration for the concept of establishing venture capital investment in the UK.

But first he joined McKinsey, the management consultancy, realising it would help him, regardless of his future direction. “It was clear that my parents, having lost everything, would need my financial help,” he says. He also wanted to be at what he terms “the interface between business methods and government control”.

He was too restless to stay at McKinsey for long, however. Discussing the possibility of becoming a partner, he remembers saying: “I think the view is better when I’m closer to the precipice.”

Sir Ronald founded Apax Partners in 1972, when venture capital was barely visible in the UK. He drew on his many international contacts for their ideas and says the real innovation “was the creation of 10-year funds that were attractive”. Its success was to earn him the sobriquet of “the father of venture capital” and Apax today has more than €40bn under management.

“At Apax I became very conscious that our activities were making people rich – but as we improved their standard of living, the gap between rich and poor got bigger. I wanted to do something to fix that,” he says.

By 2000, the UK Treasury had invited him to explore the concept of social investment, and he realised he was interested in policy, if not politics. “I began to realise that what we had done for business entrepreneurs we could also do for social entrepreneurs,” he says. The “social impact bond” – investments that aim to bring private financing to difficult public projects at no initial cost to the taxpayer – was born.

In 2005 he was asked to chair an independent commission on unclaimed assets to consider how money sitting untouched for 15 years in dormant bank and building society

accounts could best be used to benefit society. Three years later, the Labour government passed legislation to use such assets for the benefit of the community.

Big Society Capital was launched in 2012 capitalised with £600m – about £400m of which is from unclaimed assets and £200m from the UK's four largest high street banks – and recently marked its first anniversary with an event enjoying cross-party political support.

But Sir Ronald is thinking bigger still, to an international network. At this month's meeting of the G8 Summit, UK prime minister David Cameron is expected to use the UK's presidency to put social investment on the global political agenda. Sir Ronald is hoping the G8 will commit to further development of social investment through the use of unclaimed assets, the creation of bonds, and tax incentives. "If we could do that, we could turn impact investing into a powerful force for social change," he says.

### **Secret CV**

#### **Who were your mentors?**

Maurice Schlogel. He showed me how to learn to see further than others, and anticipate better.

#### **Your first big break?**

Going to business school in the US and getting the Henry Fellowship

#### **Best career advice to others?**

Start early, think big – and stick with it.