

Opportunities and Challenges of Starting a Business in Hong Kong

在香港創業的機遇與挑戰

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Throughout my entire working life, I have been starting businesses from scratch throughout Asia and Europe. I have had to consider long and hard the difficulties of starting a business in Hong Kong in particular.

It is inevitable that when you consider questions like these, the answers are not always grounded in facts, but instead guided by your own experiences and viewpoints of the people around you.

As an active figure in the ever-growing startup community in Hong Kong, entrepreneurs starting businesses here and overseas often share their frustrations with me. There are two key issues that recur in these conversations, but I believe that neither of them are true difficulties that are limited geographically to HK businesses.

Most commonly, I hear that raising money for an idea is hard in Hong Kong.

In fact, entrepreneurs tell me that it's much easier to raise money in London right now. They cite the many public and private initiatives helping startups and SMEs, Tech City's growth in size and scale, and relative proximity to Silicon Valley as the reasons why fundraising in London is superior to finding investment in Hong Kong.

What they don't know is that in equal measure, my network connections in London are convinced it is easier to raise money in Hong Kong now as venture capital funds and investors look to the ever-growing Internet population and growing middle class across Asia.

To this end, my investment firm Nest recently funded a startup led by two Israeli founders who live in San Francisco. After just three days of back-to-back meetings in Hong Kong, the team left with multiple investor commitments and a handful of new clients. Their experience left them with a lasting

impression that it is easier to find investment in Hong Kong than in Israel and even the heralded Silicon Valley. Everyone has an opposing view on this subject, but there is one thing we can certainly agree: there is no market in the world where money is throwing itself at you. These founders have a good idea, a dedicated team, are willing to learn and understand their value to their customers. These are the companies that get funded, anywhere in the world.

In America, the rapid rate of growth in startups means that there are a phenomenal number of companies competing for funding. Founders there have to work doubly hard to differentiate themselves from the noise.

Hong Kong and Asia in general have a lot of spare capital when compared to America, which has an economy grounded in borrowing and leverage. Thus, in Hong Kong the obstacles are different. Twitter or Whatsapp could pitch themselves as \$25

billion companies and explain that they will make little to no profit for the first ten years, but only a handful of investors in Asia have the long-term vision to buy into this. This is a challenge in HK, but it is certainly changing.


At the end of the day, business founders, regardless of geography and market have to hustle, fight and tell a story that they truly believe.

Another issue I often hear about is that there is a lack of startup talent in Hong Kong, making it hard for companies to scale. This is not the case. I have been involved in companies from all parts of the world, from startups in Silicon Valley to businesses in China - talent is a challenge for any new business, in Hong Kong or further afield. In Silicon Valley, 'rockstar' software developers and talent have become crippling expensive, demanding salaries that rival those on Wall Street. Founders have acknowledged this challenge and many have solved it by embracing their flexible structures to offer top talent equity in their businesses.

The talent challenge in Hong Kong however is based on a mindset issue around risk. Talented people here take up jobs at banks and multinationals as an easy way out, enticed by the short-term gains of a lucrative salary and stability.

However, we are lucky in Hong Kong in that it is easy to flip this problem around and turn it into an opportunity. The relatively conservative culture in large institutions means that multinationals and corporations are struggling to attract top hires amongst the next generation. Jack Ma, who until very recently was the richest man in China, built something from nothing. The current wave of talent can see now that their big break will not come from working at a large corporate. They simply need to be convinced that there are opportunities for them where they will be valued, and given a chance to do something that will actually change the world in some way. Thus, new businesses that have a genuine brand story that

resonates with its employees can easily attract the best. On top of that, startups here have a unique ability to use their nimble structure to give valuable upside to their team in a way that large corporates never can.

As with all challenges, it is the perfect time to consider the opportunities. 

在

整個工作生涯中，一直由零開始在亞洲及歐洲經營初創企業。特別在香港，我曾經詳細考慮投身初創企業的難處。

實在不由得你不思考這些疑難，縱然你明知答案不是常常有理據，更多時候你選擇以過去的經歷及周遭朋友的看法以作判斷。

作為香港創業社群內的一位活躍份子，經常有香港及海外擁有創業經驗的企業家朋友跟我訴苦。談話內容常常重覆兩個問題，但我認為這些問題並不只限於香港企業獨有需要面對的真正困難。

問題一，我最常聽到別人說：「在香港很難集資。」有些企業家對我說，現在倫敦遠比香港容易籌集資金，又指出當地有很多機構，不論是來自公共及私人計劃，以扶助初創及中小企業。當地發展蓬勃的「Tech City」及其位置相比香港鄰近美國矽谷，這些都是倫敦在籌資方面優勝的原因。

可是他們知其一而不知其二。在我倫敦企業家朋友的圈子內，更相信在港籌集資金要比倫敦容易，因為創業資本基金及投資者看準了亞洲地區正在增長中的網絡人口用戶及中產階級。

以一事例說明：我的投資公司Nest最近注資入某項目，該項目由兩名居於美國三藩市的以色列人創辦，他們來港僅三日，開了連續幾個會議就已經與多位投資者達成協議及認識到新客戶，可謂滿載而歸。這次體驗讓他們留下深刻印象，他們認為香港比以色列甚至備受吹捧的矽谷更容易集資。所有人都可反駁這觀點，但有一點可以肯定，全世界沒有一個市場是資金自動找上門的。擁有好主意的創業家，結合專注的團隊，他們願意學習並理解能給予客戶的價值。在全世界任何地方，這種公司都會找到資金的。

在美國，急速增長的初創企業數目意味著爭奪資金的公司數目也相當驚人。創業家需加倍用功以突圍而出。


美國的經濟體以借貸及槓桿為基礎，香港及亞洲整體與之相比有更多剩餘的資本空間，因此，香港所面對的障礙也不同。推特(Twitter)和Whatsapp可標榜成立首10年沒錄得盈利或僅得很少盈利，卻是現值250億美元的企業，在亞洲卻鮮有投資者有遠見敢投資他們。在香港這是挑戰，雖然情況的確在改變中。

到最後，來自不同地區或市場的創業家，都憑信念奮鬥，寫上傳奇。

問題二，由於香港缺乏創業的人材，因此公司難以擴充，實情不是這樣的。從矽谷到中國，在我曾參與的公司之中，人材對每家新公司都是挑戰，香港或其他都一樣。在矽谷，一個名為「rockstar」的軟件開發者及專材薪酬貴得離譜，他們要求華爾街工作同等的薪金。創業家意識到這些挑戰，不少採用較靈活的手法解決問題，如：以公司股本吸引頂級人材。

在香港，尋找人材的挑戰不在於風險而在他們的思維。這裏的人材捨難取易，多投身銀行及跨國企業，優厚薪酬及穩定所能給予的短期利益令他們心動。

還好，此情況在香港可以輕鬆地轉危為機。大型公司相對保守的文化，較難吸引年輕一代擁有最頂級能力的人材效力。早前仍然是全中國最富有的企業家馬雲就點石成金。新一批人材明白到加入大公司將不會帶來事業上的「大爆發」，他們確信只有賞識他們的價值，給予他們機會改變世界的公司才有發圍的機會。所以，擁有自己的品牌故事並能夠與員工產生共鳴的新公司可輕易地脫穎而出。再加上初創企業較靈活的架構可給予員工豐厚的好處，這是大企業永不能滿足的。

在挑戰當前，這是考慮新機會的最佳時刻。 

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