

The Chinese-style Crowdfunding Business Model Case Study (3): Canada China Sports Foundation (CCSF)

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Summary

The Canada China Sports Foundation (CCSF) is a charity organization created in 2015 based on the Chinese-style crowdfunding. Events are charitable in nature and their main point of focus is around sports. The foundation is dedicated to fostering greater exchange between Canada and China through sports. Mr. Wu Zili, the interviewee, is the Secretary General of the foundation. Mr. Wu believes the success of the foundation is inseparable from the ideas inherent to the Chinese-style crowdfunding. The most important of which being “raising human capital” and “raising intellectual capital,” followed by joint founding, equal rights and obligations, dedication, as well as the willingness to collaborate and contribute. Mr. Wu is convinced the Chinese-style crowdfunding model would help build cohesiveness within the organization, because it offers a platform to meet people with similar goals and values, who are compassionate and willing to give without asking for returns.

According to Mr. Wu, creating a charitable platform based on the Chinese-style crowdfunding is both inevitable and coincidental. The concept of raising human and intellectual capital is key for the foundation. The initiators are crucial to the success of the organization, and they have no ulterior motives other than to help the community. Mr. Wu believes that the values inherent in the Chinese-style crowdfunding, such as equality, inclusiveness and openness, are essential for charitable undertakings.

About the CCSF

a. Brief History

The CCSF was founded in 2015. The foundation currently has 20 directors. Members of the board of directors have prominent roles in society. For instance, one director was the president of the Vancouver Winter Olympic Bid Committee, and another director is a Richmond city councilor. The president of the foundation is Mr. Fan Yanjia, and the vice-presidents are Mr. Cao Wei, Mr. Yang Hongpeng, and Mr. Lin Huazhuo.

b. Scale

The CCSF successfully hosted the Canada-China Sports Week in 2015. The State General Sports Administration of China sent a delegation to participate in the event. This generated the “Beijing Meets Vancouver” Winter Olympics City Forum. The events got extensive media coverage and appeared on the headlines of *Vancouver Sun*. The event received many positive reviews and was a major success. It can be said that the foundation, utilizing sports as an effective medium, helps to build a positive reputation

for Chinese people. It has taken a huge step forward and become the crucial link between China and Canada in terms of bilateral exchange through sports.

c. Competitive Advantages

Sports events are the only focus for the organization. The CCSF has designated one central theme and two focus areas. The central theme is to engage in charitable undertakings. The first focus area is based on promoting interaction between China and Canada through sports. The BC government supports the foundation to deal directly with the Chinese Olympic Committee, non-profit sports organizations, and especially the people behind the 2022 Winter Olympics in China. The government expects the foundation to serve as a bridge in promoting interaction between China and Canada through sports. The second focus area is on organizing community sporting events. The foundation had successfully organized table tennis, badminton and martial arts competitions in the first half of 2016. The foundation hosted the China-Canada Women's Hockey game, which was joined by the National Women's Hockey Team of China in October 2016. The events were deemed a success and attracted media attention. The games were broadcasted on CCTV sports channel in China.

The CCSF enjoys numerous advantages. First, the directors and Secretary General are well connected with the Chinese sports industry. In addition, they have established credibility among sports officials, experts and athletes. The foundation has garnered support in Canada from local sports professionals, such as the Griffins family. Second, the CCSF, which was created using the Chinese-style crowdfunding and prioritized the ideas of "raising human capital" and "intellectual capital," drew philanthropists from different parts of society. The directors of the foundation are highly qualified and have the same goals in mind. Last, the foundation is focused on dedicating a significant part of resources to help people in need.

Interviewee Profile

Mr. Wu Zili graduated from the University of Electronic Science and Technology of China with a bachelor's degree in software engineering. He has a Master's degree in Sports Management, which is a program jointly delivered by Tsinghua University and The University of Technology Sydney. He has worked for the Chinese government and later in IT and investment banking. Mr. Wu immigrated to Canada in 2006. He was one of the main founders of the CCSF, which was launched in 2015, and has served as Secretary General of the foundation to this day.

Q&A

1. What's your understanding of the Chinese-style crowdfunding business model?

Mr. Wu: 1029 Cafe, jointly founded by Professor Zhang Jiawei, Liu Yi and 100 shareholders, is a Chinese-style crowdfunding business project. To be honest, I still don't understand how it works exactly. That being said, I have seen many of its useful functions, such as the incubator function that Professor Zhang often talks about. 1029

Cafe has gathered a group of philanthropic entrepreneurs, and I have met trustworthy friends through this platform. Finding trustworthy friends is the greatest reward for me. However, I have reservations doing business through a crowdfunding platform. After all, the platform should facilitate the exchange of ideas between individuals, and trying to gain profit through this platform can be problematic. However, through my personal experience, I think it is a viable model for non-profit organizations. I firmly advocate the idea of conducting charitable activities through Chinese-style crowdfunding platform, and this is what I am currently doing. I wrote an article about my experience. You can find more information there.

2. How was the Canada China Sports Foundation created using the crowdfunding business model?

Mr. Wu: I grew up in the National Sports Commission compound in Beijing, China. I used to see Lang Ping and other famous athletes. There were many world champions in my neighborhood. I attended their training sessions and observed their words and actions. I think that's why I'm so passionate about sports but I didn't do a sports major in my undergraduate degree. I studied computer science and worked in investment banking after graduation. In 2004, I enrolled in the Sports Management program jointly delivered by Tsinghua University and the University of Technology Sydney. The program was specifically designed to train personnel for the 2008 Beijing Summer Olympics. 90% of my classmates were either current officials of the State General Sports Administration of China or members of the Chinese Olympic Committee. There were even world champions, such as Ye Zhaoying in the program. When I moved to Canada about 10 years ago, it was a very welcoming place. The locals were friendly and accommodating, and they were happy to talk to new immigrants. However, over recent years, new immigrants from China brought bad habits with them, which caused frictions within the community. I've been living in Richmond for 10 years and bore witness to these events.

Vancouver Sun is one of the mainstream news media in Vancouver that often publishes negative stories about the Chinese community. Few years ago, UBC was planning to build a palliative care center next to a residential building. It was a highly valued real estate building and mainly occupied by Chinese residents. The Chinese owners organized protests against the construction project, because they were afraid that their building would depreciate in value after the project is completed. The event caught the media's attention, and people were accusing Chinese people of being unsympathetic and cold-hearted. Questions arose from the community, such as "do Chinese people only care about money and their property?" The mainstream media also pointed out the fact that everyone gets old, and those who protested the project may end up at the hospice one day. The news stories had lots of negative impact on the Chinese community. This inspired me to start a non-profit sports foundation, which would help build a good reputation for the Chinese community. I want everyone to see that Chinese people are kind and compassionate, not greedy and acquisitive. One of the most important things that define sports is that it transcends beyond borders and ethnicities. The Olympics, for example, is like a big family. Sports transcend language barriers. You do not need a language to play soccer, right? Sports bring everyone closer together. I believe Canada is a cultural mosaic,

and conveying a positive image for the Chinese community through a sports platform is ideal. This is why I decided to become a part of 1029 Cafe in the first place.

After it was founded in Vancouver, 1029 Cafe has brought together a group of successful entrepreneurs and startup owners. Many people are keen on doing charitable work. They hope to contribute to the Canadian society and foster greater cultural exchange between Canada and China. However, although there are many non-profit organizations, they usually lack cohesiveness and effective medium to bring people together. With my education in Sports Management and passion about sports, I suggested we create a non-profit platform with sports as a medium. I made the suggestion at a critical juncture when China was bidding for the 2022 Winter Olympics. The proposal was met with approval and support from entrepreneurs, Mr. Fan Yanjia and Mr. Yang Hongpeng. I invited Professor Zhang to design the platform using the crowdfunding model, which would focus on “raising human capital” and “raising intellectual capital,” followed by the ideas of joint founding, equal rights and obligations, dedication, willingness to contribute and collaboration. At first, there were 10 people in total, including the co-founders and directors. They are the shareholders of 1029 Cafe. These people are from different parts of society and are both educated and accomplished in their field. Most importantly, they shared the same language and culture. Soon, they brought the foundation to a new level. Professor Zhang is one of the directors, and I was elected Secretary General.

3. What are some other models to choose from? Why did you choose this model?

Mr. Wu: There are lots of non-profit organizations in Vancouver, but most of them lack cohesiveness. There are many reasons to this phenomenon. I think the main problem is that many people are on-lookers and do little, and only a few people are actually doing the hard work. The founders often have their own agendas and use the organization merely as a platform to further their own goals. That’s why I’ve always had the crowdfunding model in mind. 1029 Cafe was founded in the model of Chinese-style crowdfunding and it has been a success. I wanted to replicate the model in building a non-profit organization. Professor Zhang has always stressed the importance of “raising human capital” and “intellectual capital”, which are the two main concepts. The idea is that once we’ve gathered human and intellectual capital, we would gain access to connections and resources, and money would no longer be a problem. Therefore, “raising human capital” was on the top of my list. I made invaluable connections through the 1029 Cafe platform; once we brought people together, the rest would be easy. With Professor Zhang’s theories and knowledge, generous donations from entrepreneurs and the secretariat’s diligence and dedication, we were able to gather people, ideas, resources and money. If it were not for our dream and ambition, how were we able to gather so many like-minded people and launch the CCSF in such a short time?

4. Up to now, what are the main benefits this model has brought for the foundation?

Mr. Wu: The Chinese-style crowdfunding is focused primarily on raising human and intellectual capital—in other words, making friends. I think the best thing about crowdfunding is that it provides a platform for people to make friends, which can lead to

collaboration with each other in all kinds of undertakings. Everyone has different goals and aspirations. Some people might want to start a business and make money. I never wanted to start a business; instead, I always wanted to start a charity and to help others. As for starting a business using the Chinese-style crowdfunding model, I have not done enough research about it to make any comment. Yet, this model is definitely compatible with charitable organizations. The CCSF is a good example. We have done lots of charitable work in the past year. This year, we are going to do something even bigger and more meaningful, which is to set up a fund for children with autism. The proceeds will go directly into helping autistic children. Our goal is to operate not only in Canada, but to expand the project internationally. I believe that this fund would have a lot of influence in the future.

There are a lot of charitable events in Canada; for example, many hospitals have hosted sports-themed fundraisers. In 2015, we hosted a fundraising event for the Vancouver General Hospital (VGH). The VGH fundraising event is sports-related—a research project for athletes recovering from injuries—we auctioned designer sports equipment and raised CAD \$30,000 for the project. The event was quite successful, but we think it should be more vertical and specific. To give you an example, why are we doing charitable work to raise awareness for autism? There are two reasons. First, there are urgent needs for our attention and assistance. Autism does not get much attention from society and especially from the Chinese community. Therefore, we tried to raise consciousness within the Chinese community and persuade people to pay more attention to autistic children. We are trying to provide timely assistance to those who are genuinely in need. Second, autism is quite relevant to sports, because autistic children need lots of physical exercise on their road to recovery. We set up a discussion group to determine the kinds of sports that can help autistic children recover. We recorded these findings and looked for volunteers to write research papers on the subject. The Chinese-style crowdfunding model allowed us to gain access to valuable networks and resources, expanding our vision and yielding positive synergies. We were able to gather favorable resources in a short period of time, make a name for ourselves, and reach our goals.

5. What kinds of problems and challenges has the foundation encountered since adopting this model?

Mr. Wu: There are definitely challenges with this model. People are doing good deeds, but there is no compensation for their hard work. Why would they put their time and resources into these projects? Our biggest challenge is to design a model that would encourage people to contribute voluntarily, to dedicate their time, effort, money, connections and resources. The ideas of equality, inclusiveness, openness and decentralization in the Chinese-style crowdfunding offer a good solution to this problem. Everyone, be it the president, vice president or directors, has to keep the public's best interest at heart and be trustworthy. They have to commit to safeguard the platform, which would eventually thrive under these efforts. I mentioned this problem in my article, which talks about how we can bring people together and encourage them to contribute willingly. Sustainability is another challenge for us. For example, what happens if the directors stop donating the following year? Are we going to shut down the foundation

due to the lack of funds? This is a problem that many organizations had encountered. However, the foundation was created on the basis of the Chinese-style crowdfunding, which emphasizes equality, sharing and dedication. People come together because they share the same values and cultures. Therefore, we have a very stringent screening process. We would rather have a shortage of people than to include people who do not have these values. In addition to these measures, we have created a commercially operated industry platform. The profits from this platform will go into our non-profit platform.

6. If you could choose again, would you have chosen the same model?

Mr. Wu: Yes, I would. The Chinese-style crowdfunding model is an excellent operation model for non-profit organizations. I highly recommend it.

7. If yes, what would you have done differently?

Mr. Wu: I wouldn't have done things much differently. Since the key is to raise human and intellectual capital, we have to focus on these things, and the rest will be simple. Recently, we have created a charitable fund for autistic children based on the same model, but it is more structured and professional than before. We have obtained more experience in terms of operation. We are using the same model as before, and everything seems quite satisfactory.

8. In the end, based on your experience, can you talk about the main factors that determine the success or failure of the Chinese-style crowdfunding business model?

Mr. Wu: It is the people that determine its success or failure, and this is the key concept in Chinese-style crowdfunding. To put it in simpler terms, the founders or initiators are the key to success. For the CCSF, the leaders are distinguished entrepreneurs and philanthropists, including well-known real estate developer Mr. Fan Yanjia, and three equally distinguished vice presidents, as well as Professor Zhang Jiawei. The founders/initiators have to be committed to promoting public welfare. If the key figures or the executive level within the organization have ulterior motives, it would be very problematic, and the effectiveness of the model would be compromised. We are doing charitable work, and if the initiators use the platform to further their own aims, it would cease to serve its purpose. Therefore, I think using the Chinese-style crowdfunding model to build a charitable platform is both inevitable and coincidental. If we have the right people, we would be able to accomplish our goal; but if we don't have the right people, then we would fail. We are still experimenting through trial and error, in order to continually improve and build a better organization!