

The Hong Kong Council of Social Service

Certificate in Social Entrepreneurship

Case Study 2:

The Neighbourhood Advice-Action Council's Café and One-stop Household Services at Tseung Kwan O – Metro City II

Case Developer

Prof. Siu Wai Sum
Head and Professor
Department of Marketing
School of Business
Hong Kong Baptist University

1. Introduction

The Neighbourhood Advice-Action Council (NAAC), established in 1968, is a non-profit multi-purpose service agency. In early 2000, the Rehabilitation Service Division of the NAAC adopted a social enterprise concept. Mrs. Grace Lam, Coordinator, Rehabilitation Service Division of the NAAC, stated that,

“In 1999, we successfully bid for a restricted tender from the Leisure and Cultural Services Department for social welfare agencies to operate a café at Ho Man Tin Leisure Centre. The NAAC decided to operate a café that would serve as a platform to provide vocational training, develop social and economic potential, and prepare for the advancement of employment and community integration for our service users who were disabled, persons with intellectual disabilities, and formerly mentally ill persons. When asking for financial support from the Hong Kong Jockey Club Charities Trust, our proposal clearly stipulated that it was a training institution for those individuals with disabilities, and not solely to offer employment opportunities. Basic training lasted for a few weeks, intermediate a few months, and advanced not more than eighteen months.”

Simultaneously, the NAAC operated ten self-financing social enterprise units, including restaurant services, one-stop household services, mobile car cleaning, laundry services, Chinese soup express delivery, outside catering, retailing and more. One-stop household services and club restaurants operating in the form of social enterprises were offered at Dawning Views in Fan Ling, Metro City I, Metro City II, Metropolis, and La Cite Noble in Tseung Kwan O and Grand Panorama in Mid-Levels. Thus far, these social enterprise units have created 111 job opportunities (56 for people with disabilities and 55 for able-bodied people), providing numerous job training opportunities annually in a real-world work environment.

2. Market Niche

Presently, in Hong Kong there is an acute demand for household services. For a typical couple working full time, workplace demands are growing and work hours are getting longer. Families are keen to outsource household chores. The fast pace of living in Hong Kong has also contributed to a soaring demand for household services as people are looking for leisure and comfort. Even single people with

busy careers are seeking household help in order to enjoy healthy and comfortable lifestyles. On the other hand, the real estate industry in Hong Kong is developing into a competitive market. Residents' demands are growing and, in response, the role of real estate companies is changing from providing houses to offering living arrangements. Given that the service mentality is growing, estate management companies are shifting to be more customer-oriented. For estate management companies, therefore, one of the possible ways to meet the challenges of a very competitive market is to offer household services. Residents have interests in specific service niches. As the customer base becomes more diverse, specialty services including car detailing, laundry services, Chinese nutrient soup express delivery, and household appliances repair and maintenance, are proliferating. Consumers also demand comfort, convenience and ease of use. The services are required in close proximity to the home or at home via one provider. No substantial additional cost is expected. The one-stop household services concept has gone from discretionary luxury to essential service, therefore becoming a profitable business opportunity. Only service providers with the vision to provide households with excellent and reliable one-stop value-added services are acceptable to both estate management companies and households.

3. Tseung Kwan O Household Services

The estate management company can directly supply household services or choose alternative options such as recommendations, outsourcing to external service providers or co-production. For the estate management company, there are obstacles to introducing household services as these services are not their core businesses. In some cases, there is no demand and extra labour costs are required should the services be offered. Moreover, the service quality of the service provider, endorsed by the estate management company, will in turn affect the reputation of the estate management company.

Well Born Real Estate Management Limited (Well Born), a subsidiary of Henderson Land Development Company Ltd., founded in 1996 to oversee the real estate management operations at Henderson Group's properties, is no exception. Well Born wished to have a trustworthy and reliable partner to provide household services to residents in the residential complex it managed. Thus, through the referral of the Social Welfare Department's Marketing Consultancy Office, they invited the NAAC to bid for a tender to offer one-stop household services to their residents. It was Well Born's first attempt at providing working opportunities to deprived groups in order to assist them to integrate into society. Mr.

Suen Kwok Lam, Executive Director of Henderson Land Development Co. Ltd., explained,

“Our staff and the property owners are very pleased to see that the Social Welfare Department and the NAAC have built a mutually trusting relationship to help the underprivileged.”

In early 2000, the Marketing Consultancy Office (Rehabilitation) of the Social Welfare Department liaised with property developers to explore the opportunity of allowing non-governmental organizations to offer one-stop household services. At that time, Well Born was looking for a new service provider and invited tenders from social welfare agencies. The NAAC grasped the opportunity and made great efforts to adopt new business concepts and modes of operation. After reviewing the strengths and weaknesses of the agency and service users, the NAAC decided to offer a new range of services including catering services, Chinese nutrient soup delivery, house cleaning, car washing, laundry and dry cleaning, pest control, air-conditioner cleaning and maintenance, household repairs and maintenance, delivery services and simple removal services. The NAAC bid successfully for the contracts for one-stop household services in the residential complex of Dawning Views in July 2000. The households of Dawning Views were pleased with this one-stop household services concept offered by people with disabilities and the sales turnover was much higher than that of the former service provider.

In June 2003, due to the overwhelming success of the Dawning Views project, the NAAC again received an invitation to submit tenders to offer one-stop household and catering services at Metro City II in Tseung Kwan O. Managers attended the tender briefing and collected relevant information. Prior to placing their bid, detailed market and financial analyses were undertaken and site observations conducted to determine the competitor's sales in the residential complex. The café, Metro Square and service tenders were won by the NAAC and the projects managed by Tseung Kwan O Household Services (TKOHS). TKOHS developed further and successfully bid for the tenders to offer one-stop household services at La Cite Noble in November 2004, Metropolis in December 2005 and Metro City I in Jan 2006. In addition, TKOHS began providing a police patrol car cleaning service for Tseung Kwan O Police Station in July 2005 and Hong Kong Police Force Kai Tak Operational Base in October 2006. In order to attain economy of scale, TKOHS managed and centralised the one-stop household services for four estates and car cleaning for two police stations. The scope of business extended further following the launch of a central online registration service and a central hotline ordering service by the end of 2005.

As of December 2006, 23 people with mental disabilities and 15 able-bodied persons received job placements in TKOHS and worked as employees of the NAAC. This project provided vocational training and created new employment opportunities for people with disabilities, helping them to achieve upward mobility in vocational rehabilitation and enhancing their integration into the community.

4. Partnership

Well Born is willing to work closely with the NAAC as this endeavour enhances customer relationships, improves the neighbourhood atmosphere, and attains a better corporate image. Mr. Suen admitted that,

“Businesses need a harmonious environment to operate effectively, and there cannot be social harmony if some members of our community are neglected. Wealth cannot always be concentrated on corporations and therefore they should set their sights wider. Caring for society does not require that much money, but it will make a favourable impression on staff, clients and the public. This is an invisible asset and it's very precious.”

Knowing the financial need of social enterprises, Well Born charged only one Hong Kong dollar for the peppercorn rent and provided a well-decorated club house for the NAAC to easily start a restaurant business. Beyond this gesture, Well Born treated TKOHS the same as its other business collaborators as it was also the NAAC's wish that they did not receive pity from the business sector.

The middle management of Well Born and residents at Metro City were new to the concept of having the disabled work in restaurants and deliver home services. TKOHS quickly appreciated this, and accordingly reacted and adapted to the real business world. To ensure that the estate management company and its residents felt comfortable with this community integration concept, Mrs. Lam attended a briefing session to explain the proposal and operating details to the Owner's Committee. In order to demonstrate good service quality, TKOHS offered a pre-launch free catered food tasting party for residents. The company provided training in advance to employees with different levels of disability, talent, and skills and assigned them to different job posts according to the needs of the customers. These practices show that TKOHS understood the importance of offering good service quality and developing long-term relationships. Residents and the estate management company expressed

appreciation for the one-stop household service provided by the TKOHS and they praised the employees for their good work attitude and performance. In fact, the café attained a sales turnover of over two hundred thousand Hong Kong dollars in its first month of operation. Mr. Tung Chi-fat, Executive Director of the NAAC said,

“The starting point of cooperation is different when the partner is a private enterprise, but the crucial thing is to have a common goal. To a certain extent, the social service sector should try to adopt business practices in an endeavour to improve services. Only by doing so would it be able to build a long-term relationship with partners and customers.”

5. Business Development

Metro Square is located in the club house of Metro City II and is reserved for residential members only. This restriction limits the business development of TKOHS, as non-club members are not allowed to access the club house or dine at the restaurant. Nevertheless, allowing the general public to visit and dine at Metro Square is considered to have an adverse affect on the service of the club house, and in turn the overall quality of the real estate management company.

It is also the estate management’s policy to charge all marketers who wish to distribute promotional handbills to residents’ letter boxes. After continuous negotiation, the estate management allowed the occasional exception to this rule for TKOHS. TKOHS are also allowed to post promotional banners and posters at designated spots and boards in the residential complex on an ad hoc basis. To capture visitors and customers’ attention, TKOHS displays all brochures and leaflets at their service counter and a business development officer is now in place to oversee marketing activities.

Metro City II is located at Po Lam MTR Station. Here residents are free to dine at any kind of restaurant, cafeteria, café or fast food store in Metro City Plaza. Metro Square is one of the many choices available. There are also other service providers offering similar household services to residents. TKOHS understands the importance of enhancing customer relationships and re-purchase. Metro Square prices are therefore set at a very competitive level and distribution of coupons and stamps for free redemptions on a wide variety of meals encourage loyal and frequent diners. In order to increase sales, TKOHS jointly offers festive meals in the club. Stewards are also encouraged to foster strong customer

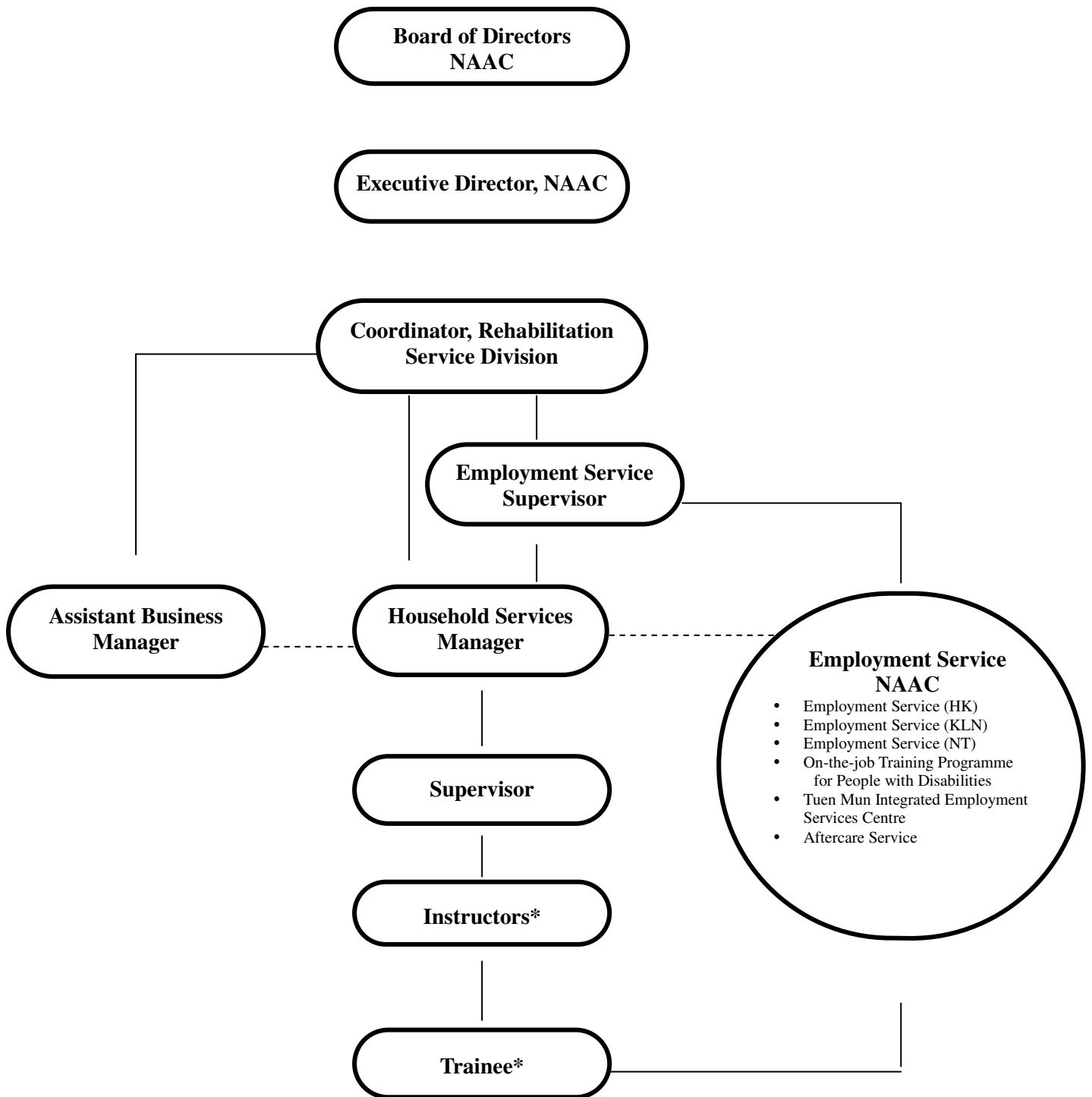
relationships with diners.

TKOHS wished to create an image of convenience and friendliness for their one-stop household services in the minds of their customers. They did this by collecting laundry items by phone request and following up overdue payments with gentle reminders only.

6. Conclusion

The success of the NAAC's Metro Square and One-stop House Services is not just a question of giving service; it is an art of doing business and carefully managing the expectations of both customers and partners. For the customers, it is a question of learning how to receive good service from the NAAC. For the partners, it is a question of how to value the contribution of the NAAC to their overall service quality and the advancement of responsible corporate social performance. For the NAAC, it is a question of how to market the service to the customers and partners on one hand, and attain their social mission to provide vocational training to their service users on the other.

Exhibit 1: Organizational Chart Household Services of the NAAC



*Some instructors are people with disabilities. Trainees, who are either mentally handicapped individuals or ex-mentally ill persons, are employees of the NAAC.