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Social Entrepreneurs Push for Capitalism With a Conscience

By Finance New Mexico

People start businesses to make money, but that's not enough motivation for growing numbers of entrepreneurs who want to make a positive impact while turning a profit.

These self-described social entrepreneurs feel constrained by traditional structures that put a company's fiduciary responsibility to shareholders ahead of social or environmental considerations. But some also feel boxed in by the nonprofit approach to social change.

Some companies are finding middle ground by pursuing a "triple bottom line" approach, considering people and the planet along with profit. In that same vein is the "benefit corporation" — or "B" corporation — a business that voluntarily aspires to high standards of transparency, corporate accountability and financial return, measuring these against the business's impacts on society, the environment and the community.

The proponents of "evolved" capitalism don't want to replace the economic system; they want to humanize it so it benefits all stakeholders, not just shareholders.

B Corp Movement

To date, more than 700 companies have become voluntarily certified as B corporations through B Lab, a nonprofit that has promoted this concept since 2007 and designed a rating system to ensure that certified companies practice what they preach about transparency and social accountability.

Certified B corps represent more than 60 industries in 24 countries and a diverse, multibillion dollar marketplace, according to B Lab. Some of those companies are in New Mexico, including Positive Solar Energy — of Santa Fe, Albuquerque and Las Cruces — even though New Mexico isn't one of the 12 states that recognize B corps as legal entities.

Legal recognition is necessary, according to B Lab, because corporations are legally required to prioritize the fiduciary interests of shareholders, even if the pursuit of profit pollutes the planet or leads to massive layoffs. B corporation backers want the legal right to consider the impacts their business decisions will have on the planet and its people.

“Government and the nonprofit sector are necessary but insufficient to address society’s greatest challenges,” B Lab’s website, www.bcorporation.net, declares. “Business, the most powerful man-made force on the planet, must create value for society, not just shareholders. Systemic challenges require systemic solutions and the B Corp movement offers a concrete, market-based and scalable solution.”

The goal, according to B Lab, is for companies to compete to not just be the best *in* the world but the best *for* the world.

Coronado Ventures Forum

Drew Tulchin, managing partner at Social Enterprise Associates, will likely discuss B corporations as a panelist on impact investing and social entrepreneurship at the June 20 meeting of Coronado Ventures Forum, as his company was New Mexico’s first registered B corporation.

The panel discussion will follow a keynote speech by Penelope Douglas, a pioneer in impact investing and former CEO of Pacific Community Ventures, a California nonprofit that invests in small businesses to help economically underserved communities. Ms Douglas also serves on the board of directors of New Mexico Community Capital, an Albuquerque-based nonprofit whose mission includes creating social and economic improvement in the regions in which they invest.

Joining Tulchin on the panel are Carrie Freeman, a partner at SecondMuse, an international firm that advocates collaborative solutions to business and social problems; Jami Grindatto, director of Talent Enabling Solutions at Intel; and John Killoran, chief executive officer of @Pay, an innovative email-based way to buy products or make donations.

The event begins at 6 p.m. at Prairie Star Restaurant at Santa Ana Pueblo (288 Prairie Star Road) near Albuquerque. Admission is \$22.50 in advance or \$25 at the door.

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