

3

“Go Social, Go Green”

Environmentally Sound and Socially Just Economic Development

It is startling for many activists to see a commitment to the social good being expressed by the owners and managers of businesses directly through their professional lives. Progressives have long, and rightly, criticized business for putting short-term profit over justice for workers and due attention to environmental sustainability. What we see today in the world of social enterprise and B corporations, however, are people in the business world who fully share that critique and are committed to creating a different way of producing goods and services.¹ They are living out, willingly and creatively, the imperative voiced by the secretary-general of the Organization of Economic Co-operation and Development, Angel Gurría, “Go Social, Go Green.” This commitment reflects a change in honor codes, the basic values that shape collective life, as compelling as those recounted by Kwame Anthony Appiah in *The Honor Code*.

In their book *The Solution Revolution*, William Eggers, global director at the professional services network Deloitte Research, and Paul Macmillan, global industry leader at Deloitte, describe a major shift in how society is solving core social problems. They describe a “solution economy” in which “new innovators are closing the widening gap between what governments provide and what citizens need. This approach promises better results, lower costs, and the best hope we have for public innovation in an era of fiscal constraints and unmet needs.” Eggers and Macmillan state that this move to businesses voluntarily working to meet the needs of citizens is a fundamental shift from a prior honor code in which “thinking beyond the bottom line was viewed as unfocused or, even worse, a disservice to shareholders.”²

In contrast to a narrow focus on short-term gains for the few, there is now a growing and genuine commitment to long-term social justice for the many. “We can make market forces work better for the poor,” explains the businessman and philanthropist Bill Gates, “if we can develop a more creative capitalism—if we can stretch the reach of market forces so that more people can make a profit, or at least make a living, serving people who are suffering from the worst inequities.”³

Progressives are accustomed to seeing work for social justice and environmental sustainability being expressed in political advocacy and in direct service to victims of injustice. We often are not aware of the ways in which we are not alone in our work for justice, but have allies in the business community. This chapter explores this burgeoning world of social entrepreneurship, its drivers, its impact, and its practical and ethical challenges.

This commitment to social impact is long-standing and is taking on even greater urgency in the face of rising authoritarianism, hatred, and fear. The words of the founders of the B Lab, an organization that supports and certifies business that are committed to an interdependent economy, are unabashed in their call to business leaders to expand their work for social justice. Andrew Kassoy, Bart Houlahan, and Jay Coen Gilbert, the founders of B Lab, posted “An Open Letter to Business Leaders” on February 6, 2017. They began by reiterating the B Corps values:

That we must be the change that we seek in the world,
That all business ought to be conducted as if people and place mattered,
That, through their products, practices, and profits, businesses should
aspire to do no harm and benefit all.
To so requires that we act with the understanding that we are each
dependent upon another and thus responsible for each other and future
generations.⁴

While these values are of long-standing, Kassoy, Houlahan, and Gilbert were unabashed in their warning of the direct assault on them in this time of rising authoritarianism, and equally forthright in their challenge to business leaders:

At this moment, we call on all business leaders to do two things. First, in this chaotic moment, to stand up and to speak out, together and unequivocally, when we see injustice, hate, and the violence they produce. Second, to take concrete action in our businesses to create an inclusive economy that is equitable and creates opportunity for all for the long term.⁵

The numbers of business leaders who share these goals are significant, their impact is real, and they are a significant source of support for generative interdependence. To understand this movement more deeply, let's begin with the basics.

First, what is social entrepreneurship? In their account of the growing power of social entrepreneurship, Roger Martin, institute director of the Martin Prosperity Institute, and Sally Osberg, president and CEO of the Skoll Foundation, describe the ways in which social entrepreneurship relates to, yet differs from, both direct service and political advocacy.⁶ As we know, social advocacy is focused on directly challenging the structural causes of poverty, marginalization, and environmental degradation by pushing for changes in state and national laws, and by pushing for international accords, that would make such practices illegal. Social advocacy is also focused on implementing laws and regulations that will enhance the greater common good.

In contrast to social service providers, social advocates work *indirectly*, advocating for legislative changes that can *transform the environment in question*. . . . Only with new legislation in place would such fundamental and permanent beneficial change take hold. . . . Social advocates work with all levels of government to create lasting, significant change in a variety of domains, from marriage rights to clean water to local development issues.⁷

In the work of social service providers, we find people and organizations committed to working directly to ameliorate the immediate and dire effects of oppression and injustice, providing food for those in need, a place to sleep for those who are homeless, a place of refuge and support for those who are the victims of domestic and sexual violence.

Social service providers have a long and noble history of working to make communities and the world more equal, safer, healthier and, well, better. . . . Social service providers take *direct action* in a given situation. But they *leave the existing system in place* while seeking to reduce its negative effects. For example, a food bank works directly to ameliorate the effects of poverty. . . . This food relieves the family's hunger that day, but it doesn't fundamentally change the dynamic that

leaves the family so poor that it needs to use the food bank the next week, and the next, etc.⁸

Martin and Osberg have described existing ways of seeking to live justly that are in the process of expansion and transformation. There are some social service providers that also seek to address the causes of the suffering that they redress on a daily basis. There is a growing commitment by people and institutions throughout the world to work directly to meet basic needs and to change the structures of injustice that have created those needs in the first place. Social entrepreneurs share the goals of social service providers and social advocates, seeking to both rectify the immediate costs of economic and environmental injustice and to fundamentally reshape the economic structure that has led to social injustice and environmental damage.

*Social entrepreneurs . . . both take direct action and seek to transform the existing system. They seek to go beyond better, to bring about a transformed, stable new system that is fundamentally different than the world that preceded it. . . . social entrepreneurs explicitly aim to permanently and systematically transform a miserable or unfair societal condition.*⁹

Let's dig deeper. What does it take to "systematically transform an unfair societal condition" in the daily practices of our economic lives, not just in one business, but in all businesses, not just in small businesses, but in corporations? If a company decides, like Bill Gates, "to serve people who are suffering from the worst inequities," two institutional shifts are necessary. First, there is an external shift. The business must be incorporated in a way that allows focus on a larger social good and not on short-term profit. Second, there is an internal shift. There must be ongoing self-critique and self-evaluation to ensure that social goals are genuinely being met.

We can see what it takes to institutionalize this concern with a larger social good in many sectors of the economy. Let us begin with a small business.¹⁰

Beth Rotto

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Figure 3.1 Beth Rotto, Oneota Community Co-op. Photo by author.

Beth Rotto waits for me in the Oneota Community Co-op's small dining area overlooking the quaint main street of Decorah, Iowa. The space is sunny and welcoming, with complementary water and Internet. Around us, people are eating, reading, working at laptops, visiting. Delicious smells waft out from the small deli, which serves mostly organic food.

Beth is in charge of the cheese department. She selects, stocks, and displays a variety of cheeses. Like all store buyers, she orders organic, sustainably raised, and local products whenever she can. She is also sensitive to humane treatment of the animals whose milk is used for the cheese.

Beth was attending the local college when she first learned about the Co-op. "We were very idealistic," she told me, "and the Co-op let us live some of those values." Like many young people in the 1970s, "we wanted good food, we wanted to work cooperatively. We were

concerned about world hunger, and many of us were vegetarian, believing there would be enough food for everyone if we would stop eating meat. We didn't want our money going to big corporations; we wanted our money to be spent for things we believed in."

The Co-op began in 1973 as a "Food Buying Club," with about 30 families rotating the labor of taking orders, making a six-hour round-trip to Minneapolis to pick up supplies, repackaging, and distributing the food. Within a year, they decided to make less frequent trips by stocking some inventory. Their first "store" was a small shed with an old woodstove for heat that "was scary to light," Beth remembers. "We called around to find someone to meet the truck when it delivered an order. We mostly carried dry goods, which we kept in metal garbage cans to keep out rodents. There was a code to let members know in which bin the key to the cash box was hidden, so they could pay for what they took."

From the beginning, Co-op members wanted to know where their food was coming from: "We would tour wholesale facilities. Many of them had childcare on site for their workers, and even provided meals for them. There was a lot of excitement about the world we were building."

Yet they quickly learned that their new way of doing business had drawbacks as well as benefits. As membership grew, so did the time needed for filling orders. Decision making became cumbersome. "Our goal was consensus," Beth recalls, "so it only took one person to put a serious kink in the works. We spent a lot of time in meetings."

Over the next 10 years, members wrestled with the problems of growth. Volunteers became overworked, especially a core few. They began to pay a manager, or, at times, several comanagers. They outgrew their shed and moved twice (into the upstairs of the old Armory, then into a storefront on Water Street, several blocks from the current location). Their rent went up each year while sales barely kept pace.

"We constantly had to decide whether to keep solvent or to make decisions based on principles," Beth said. "For example, in 1983 the board decided to discontinue buying from two suppliers, both all-woman collectives, feeling it was a discriminatory hiring policy." In 1984, the Co-op established a base pay for employees, sick leave and snow day policies, and began to offer an extra bonus for members working on their day off to meet deliveries.

In 2007 they expanded again into the present store building, which had been a grocery store. "The first day this location opened, it felt like the happiest day of my life," Beth says. "There was a solid line of people moving up and down the aisles just in jaw-dropping amazement! It was much more accessible, and set up like a real store!"

"It has changed, there have been some trade-offs, but it still reflects my values," Beth says. She points to the Co-op Mission Statement, posted on the wall: "The mission of the Oneota Community Food Co-op is to build vibrant communities and ecosystems by providing organic, locally produced and bulk foods, as well as other products and services that are sustainable for those who consume and produce them."

"It's a good place to work," she says, looking around her with a smile. "And I do love cheese!"

Steve McCargar, who has been with the Co-op since 1982, met with me for coffee, and explained some of the difficult trade-offs. Steve has been deeply involved with the governance of the Co-op as it has evolved over the years, and has been consistently committed to keeping the social responsibility core of the Co-op from being overtaken by profit-making concerns.

"One of the losses we have sustained along the way is that we had to change from having several comanagers to having only one manager," Steve explained. "When we applied for admittance to the National Cooperative Association, they denied us membership because of

comanagement. This movement is all about alternative management. There should be room in a collective movement for collective management.”

When it comes to paying employees, the Co-op has made a lot of progress. The first managers were paid a dollar an hour and a discount on food. “Managing the Co-op became very much a matriarchal thing,” Steve noted with a twinkle in his eye. “Not many men were willing to work for a dollar an hour!” Today, employees are paid above minimum wage, with paid vacation, sick pay, and health insurance for all employees who work over 35 hours. Those who work at least 20 hours a week are given prorated benefits.

“In the 42 years since the Oneota Community Co-op was first formed, we have gone from being an outlier, a bunch of hippies invested in a back-to-the-land alternative culture, to being today a core asset to the community,” he says. “We have really stepped up to community connection and engagement, and have been through a real operational maturation process.”

He notes several places of tension in the process of growth, when decisions were made that kept the Co-op both solvent and ethical. The need to stay financially afloat while serving the common good has driven many of these changes: decisions to carry inventory, to pay managers and later employees, and especially the decision to retain the Co-op’s identity as a niche market for those who wanted their food to be grown in healthy, sustainable ways.

Steve gives an example: “Years ago, I worked on toxic plastic research. I suggested to the Co-op that we begin wrapping cheese etc. in non-PVC wrap. The only thing we could find was a small company that was making a small, noncling, expensive wrap. We made the decision to invest in the protection of customers. For 25 years, we used this wrap. When it was clear that the place was going under, we bought a stockpile! Recently, we ran out, and our current manager, David Lester, contacted a business called Natural Value to produce it. They will now begin manufacturing it in commercial sizes for use in co-ops.”

“This is part of the potential of what a mission-driven business can do,” Steve said. “Profit-driven business practice externalizes costs whenever possible, often on the backs of the environment and people. We are going to figure out a way to do what we do in a regenerative, socially responsible way. We are holding our management accountable for keeping true to the mission.”

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Figure 3.2. David Lester, Oneota Community Co-op. Photo from David Lester.

I caught up with David Lester in the Co-op Kitchen Classroom, located in a recently acquired space next door to the Co-op store. “This space has been a big boost to our ability to live into our mission,” he says with obvious pleasure. “Oneota Community Co-op is a consumer cooperative. It has created a ‘solution economy,’ steadily working at stretching our reach to benefit small farmers, organic farmers, sustainable agriculture, college students, and people on food stamps.”

I asked him to explain a bit about the consumer cooperative business model. “A cooperative is community focused, not investor focused,” he explains. “Our investors are all member-owners, and each investor owns an equal share, with one vote, no matter the amount of the investment. Each year, any profits are first invested in the health of the business and furthering our mission, and the excess is shared equally among our member-owners in the form of dividends.”

David quickly outlined the six guiding principles that inform the day-to-day decisions he makes as manager, as well as the policy decisions of the Board of Directors:

- (1) Organic, locally sourced, sustainably produced, affordable food and other products.
- (2) A community that is educated about food and other products that are healthy for people and the environment.
- (3) A business that promotes the development of cooperation and cooperative enterprise.
- (4) A business that promotes environmental and financial sustainability.
- (5) Employment in a workplace that provides the personal satisfaction of collaborative work directed toward common goals and provides extraordinary customer service.
- (6) A diverse, local community whose fabric is strengthened through caring, and sharing gifts of time, energy, and resources.

Explaining some of the ways that the Oneota Community Co-op is fulfilling its mission in each of these areas, David's enthusiasm came through loud and clear. Out of the Co-op's \$1.2 million in sales in 2016:

23% were grown and/or packaged within 100 miles of Decorah. We now have 72 local producers, many of whom sell at the Farmer's Market we host in our parking lot two days a week, April through October. We offer the option for those vendors to sell their unsold wares to us for fair wholesale market value, so they don't have to deal with storage or waste.

For several years we have offered the use of our cooler space free for CSA [Community Supported Agriculture] boxes, where farmers sell a share of their harvest each week to consumers for a set price. We began a partnership with the Iowa State University Extension Office to begin a Food Hub in the Co-op basement, serving as a warehouse for organic, sustainably produced food for small producers. We now have two refrigerated trucks per week hauling these products to Hy-Vee [a large grocery chain], which expands the market for local farmers by a lot!

We do a lot of education. We put a lot of time and effort into training our employees on the benefits of whole food, why fair trade is important, why we are against GMOs, about gluten-free products and other health concerns; almost everyone can answer the questions people may ask. We have a quarterly newspaper that addresses these and other topics. We bought this space to make a classroom kitchen, where we hold classes on cooking and nutrition, health, organic beauty products, etc. We also do classes at the college, area employers, etc. We did a training at the nursing home on how to use herbs and spices to make food taste good without lots of salt, as many seniors are on salt-restricted diets.

We try to live our values in every aspect of our business activities. We accept food stamps, and we try hard to keep our basic food items affordable through bulk sales, having co-op deals each month where we have very little markup, and passing along savings from suppliers. Members can earn extra discounts by putting in volunteer hours. We also keep overhead costs down by using our own excess or damaged produce in our café menu. Solar panels and our day-to-day practices reduce our energy costs.

We consider our employees to be our most valuable assets. Employees really feel

like they have a voice in their employment; they feel like they can be safe bringing their ideas for improvement. We teach all our employees to read a profit and loss sheet, how to understand their department's growth goals, so that when tough decisions need to be made, people understand why, and how to help turn things around. Our ratio between highest and lowest paid employees—including me—is four times. We want to keep employees as long as possible; it is expensive and time-consuming to hire and train new workers.

We have our challenges. The competition in the natural grocery industry has become fierce. Several co-ops across the country closed their doors after decades of serving their communities. Online sales of organic groceries and “food boxes” have eroded sales at stores like ours, and there are no signs of this competition letting up; but we are focused more than ever on doing what we have always done best: serving our community and our members.

This is what keeps me going. It is my job to do good in the world! It's a job that I go home from every day feeling I have done good work, I have done something important.

We can see in the work of co-ops inspiring goals and significant challenges. Some are unique to cooperatives, others are common to the basic enterprise of food service. As for the former, it is important to balance inclusion in decision making with policies and procedures that enable decisions to be made in a timely basis. This requires the participants to confront the Windigo of confusing differences over strategy and tactics with commitments to basic principles. Groups must learn how to critically evaluate different ways of living out values, and be willing to experiment with different ways of meeting those goals. Also, while there is a clear move away from the Windigo danger of exploitative capitalism, it takes ongoing efforts to both pay employees well and maintain a fair manager/owner pay ratio, in this case as low as 4:1. Furthermore, it is difficult for cooperatives to receive funding and to scale up and provide jobs for more than a small number of people.

Let us now turn to what it takes to institutionalize this concern with a larger social good in investment strategies and in the mission and organizational structure of large and small businesses.

Social Enterprise Alliance

Marc Lane is a business and tax attorney who is a director of the Social Enterprise Alliance (SEA) and a cofounder of its Chicago chapter. Lane is one of the leading authorities in the United States on the legal and financial ramifications of creating social enterprises and benefit corporations.¹¹

Marc Lane

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Figure 3.3. Marc Lane, Law Offices of Marc Lane and Founder of the Chicago Chapter of the Social Enterprise Alliance. Photo from Youtube.com.

Marc Lane has a favorite quote: “How wonderful would it be if the growth of scientific and technological innovation would come along with more equality and social inclusion.” These words from Pope Francis encapsulate the vision Lane has been working toward for most of his life.

Lane is finding innovative ways to help people harness the power of the marketplace to drive positive social change. One of the ways this can happen, he says, is to help investors channel their money toward businesses that are socially responsible. Lane is the pioneer behind the Advocacy Investing approach to socially responsible and mission-related investing.

Many small investors, Lane says, especially millennials, are unwilling to put their money to work for companies that are not socially responsible. The inheritors of large wealth often feel the same way. Yet, traditionally, socially responsible investing has often been linked to lower returns. When companies and even whole industries were screened out because of particular business practices and corporate values, investors were often left with a very narrow slice of possible investment opportunities. This lack of diversification made for a less than healthy portfolio.

Lane’s investment approach flips this dynamic. Rather than screen out companies whose values an investor doesn’t agree with, Advocacy Investing screens for positive company behaviors in the areas of social justice (which includes human rights, employment practices, and diversity) and respect for the environment. It adds social/environmental factors into other investment criteria. Lane’s approach makes sure each investment meets financial and industry criteria as well as passing social and environmental muster. It allows socially conscious investors with modest investable assets an opportunity to give voice to their values, while still realizing a healthy return on their investments.

It is a very practical approach, and it is based on 10 years of research in the field of responsible investment. “It turns passive assets into active assets, and unlocks a huge amount of capital to drive positive social and environmental change,” Lane explains. And it’s easy: “Decide which issues are most important to you, and align [your] investment portfolio with that mission. Over time, you actually tend to get larger returns because those companies avoid fines, class-action suits, etc.”

Encouraging investment in existing socially responsible companies is not the only way that Lane is changing the face of business. He has come up with a novel new business structure, called the Low-profit Limited Liability Company, which helps start-up companies attract investment funds while focusing on social and environmental values.

“Every business structure is transactional,” Lane says. “A business needs money to operate, and must provide something people need or want. Why not transact that business in ways that can be transformational?”

Lane is the force behind Illinois’s Low-profit Limited Liability Company (L3C) law, and has been instrumental in promoting L3C legislation nationwide. Currently, L3C’s are authorized in eight states.¹² Of the different business legal structures that address social concerns, the L3C is the only one that permanently places social good above all others. It legally mandates a social or educational purpose for the company, meaning that profits for investors, while important, cannot supersede the stated mission of the business.

Lane, a lifelong advocate for social justice efforts, noticed that beginning in 2009, in the wake of the 2008 recession, social ventures became increasingly constrained by lack of capital. There was increasingly feverish competition for grants fueled by the recession. The L3C, by writing one or more significant charitable or educational purposes into the legal organization of the company, opens the door to an investment source not available to other forms of business: money from philanthropic foundations.

Foundations get tax breaks for investments related to their mission, which is traditionally disbursed as grants. Once a grant is paid out, the money is gone. However, making a program-related investment with a purpose related to the foundation's programs will also qualify for the same tax breaks—with a couple of added benefits. When the money is invested rather than given as a grant, it returns to the foundation as earnings on the investment and both the principal and earnings can then be reinvested, creating a multiplier effect, while still carrying the investment on the books as an asset.

"It's a win/win situation that opens floodgates of capital for social purpose businesses," Lane explains. "Low-profit Limited Liability Company (L3C) legislation can leverage foundations' program-related investments to access trillions of dollars of market-driven capital for ventures with modest financial prospects. It is one way to harness the power of the marketplace to drive positive social change, and has the possibility of major social impact. Today there are about 1,500 L3Cs across the country."

About half of L3Cs are owned by 501(c)(3) organizations. When a nonprofit corporation decides it needs to diversify its source of revenue beyond grants and philanthropy, it can now do so through a business that provides liability protection. This creates a subsidiary or strategic alliance partner; it can own a business that is guaranteed to further the mission of the 501(c)(3). The L3C can tap into markets untouched by the nonprofit corporation. The two entities can move money back and forth easily, increasing the flexibility and effectiveness of both.

In addition to harnessing and leveraging capital and business activities to serve the social good, Lane works to bring together and magnify people power. He founded the Chicago chapter of the Social Enterprise Alliance, in 2009, to convene thought leaders and practitioners of social entrepreneurship to share ideas, lessons learned, and networks in order to increase their impact.

Lane is a great believer in complex systems. "There are a lot of ways to tackle problems that can be mutually reinforcing," he says. "Together, we can unleash the country's enormous social and financial capital for the common good. There is strength in numbers. When you help any aspect of the social ills cities face, public health, crime, the many faces of poverty, every little thing you do in one area helps all the others. When you bring the players together, they share their experience, brainstorm, and find ways to cooperate and leverage what they are doing. It raises awareness and also morale." Lane suggested that SEA implement a chapter strategy, which helped them to organize and spread their influence. While Chicago's chapter was the first, today there are 16 SEA chapters in operation across the country.

Lane didn't stop there. He became chairman of the Illinois Task Force on Social Innovation, Entrepreneurship, and Enterprise. The Task Force was created to bring together people around a common cause, addressing the social ills that cities face: public health, crime, hunger, inner city blight—the many faces of poverty. They especially looked at innovative solutions to change the lives of the most vulnerable, those living on the outskirts of hope, such as kids in the foster care and criminal justice systems.

The Task Force worked so well that, in 2016, County Commissioner Jesus "Chuy" Garcia created the Cook County Commission on Social Innovation, for job creation, workforce

development, entrepreneurship, community revitalization, and industrial development, naming Marc Lane as vice-chairman. Together, they have assembled a cohort for the Commission made up of thought leaders in the nonprofit sector, Cook County government heads of department, economic development experts, and community builders.

Since its creation, the Commission has been generating headlines such as “Jesus ‘Chuy’ Garcia: We Want Socially Responsible Businesses. Here’s How to Grow Them” (*Crain’s Chicago Business*) and “Chicago’s Commission on Social Innovation: Enlisting Impact Entrepreneurs to Boost the Economy” (*Forbes*). Lane explains:

The Commission is not only an incubator, but serves as a think tank to weigh in on how to maximize positive social impact and minimize negative impact. We have broad and deep community and business representation, people with experience, leaders in their field, and those living and working in the trenches. It is all hands on deck. We have open meetings, and often over 100 people will attend. We educate about social problems, and bring in information and knowledge about what is working elsewhere. We are talking about the many faces of poverty, and how if you nibble away at one of them, you help the other aspects as well.

This is the only government unit to help vet legislation and see how to help the county board make the most of their policy-making power. It puts into place a preference for procurement of social enterprises, for co-ops and crowdfunding, for local stores. For instance, we have a Good Food Initiative to put nutritious, local, sustainable foods in schools, jails, and hospitals. We are finding ways to encourage urban agriculture. All of this adds jobs and tax revenue while decreasing crime, homelessness, hunger, and a host of related ills.

We’re marrying the social mission of a government program with the market-driven approach of business. It’s all about engaging businesses to pursue market-driven strategies that have a financial and social return. When you hold out a helping hand, you help yourself, your tax base, your economy. You create safer neighborhoods. Everyone’s lives get better when we do the right thing. The reality is, we’re all “us.” Poverty and ill health hurts us all down the road. Make your ripple effect a positive one.

On a personal level, Lane feels that there is nothing he could do with his life that would bring him more satisfaction than what he is doing: “There is so much joy when what you do actually works! If I can contribute to others’ lives and derive satisfaction, completion, purpose—that’s transformative. I believe that together, we can unleash the country’s enormous social and financial capital for the common good. What could be better than that?”

In his book *The Mission-Driven Venture*, Lane addresses the complex task of doing good through using sound business principles. Lane finds in the California Benefit Corporation law a helpful list of the type of public benefits that may be at the core of a company’s mission and daily operations:

1. Providing low-income or underserved individual or communities with beneficial products or services;
2. Promoting economic opportunity for individuals or communities beyond the creation of jobs in the ordinary course of business;
3. Preserving the environment;

4. Improving human health;
5. Promoting the arts, sciences, or advancement of knowledge;
6. Increasing the flow of capital to entities with a public benefit purpose; or
7. The accomplishment of any other particular benefit for society or the environment.¹³

In addition to having such laudatory goals, benefit corporations must demonstrate that the goals are being met. Again, Lane's words are instructive:

[I]t's critical—and required by law—that the company's social and environmental performance be periodically measured against a third-party standard and reported to shareholders, usually on an annual benefit report posted on the company's website and thus also made available to all the company's stake-holders, including the public at large.¹⁴

To be certified as a B Corp, firms must score 80 out of 200 points on a rigorous certification test. Among other measures, the test looks for a core commitment to a social purpose, whether in type of goods and services provided, or in groups that are employed, or both. B Corps must demonstrate equitable compensation of employees, and are noted for paying from over 100% to 230% of the minimum wage to the lowest paid employees, having compensation ratios between lowest and highest paid employees that are equitable and far less than the average ratio in U.S. companies. Here we have a key shift in honor codes, a recognition that the existing pay ratio is ethically bankrupt. According to Lane, "CEOs and their friends in American executive suites continue to pocket increasingly larger shares of company gains: in 2011, U.S. CEOs earned 209.4 times more than American workers, compared to 21.5 times more in 1978."¹⁵

Lane makes a compelling case that such ratios can be dramatically decreased, and gives as an example Mondragon's co-operative network. Mondragon, located in the town of Mondragon in the Basque region of Spain, was founded in 1956 as a cooperative that produced paraffin heaters. Now Spain's seventh largest industrial group, it is composed of over 100 small, medium-sized, and larger co-ops. Mondragon employs around 84,000 people in enterprises that include banking, insurance, telecommunications, manufacturing, construction, retail, horticulture, education, and technological innovation. At the core of the Mondragon enterprise is a commitment to social equity: "top-paid workers earn only 6.5 times the lowest-paid workers' pay."¹⁶ Lest we think this is only possible for a small business, Lane reminds us of the efficiency and scale of Mondragon: "the Mondragon network, now operating seventy-seven businesses outside of Spain, effectively competes on equal footing with companies all over the world."¹⁷

In August 2015 the Securities and Exchange Commission enacted a rule that companies would have to disclose the ratio of their chief executive officer versus median workers' pay. While there is resistance to the rule, there is also voluntary compliance with it by some corporations, and a determination to move to a more equitable pay ratio. In an article in the *New York Times*, Rachel Abrams reported on companies that have been making such reports already (Whole Foods, the NorthWestern Corporation, and Noble Energy). The companies that have voluntarily reported their ratios are far different from most. According to the Economic Policy Institute, in 2013 chief executives were paid nearly 300 times their employees, while the ratio 50 years ago was roughly 20 times. Whole Foods has moved back to that standard of 50 years ago, with a cap of 19 times pay for their chief executive as compared to the average worker.¹⁸

Within the world of benefit corporations we see a shifting honor code that values both

pay equity and environmental sustainability. As Lane states, we have, in the more than 1,000 certified B Corps, the emergence of a “triple-bottom-line,” a genuine valuation of people, planet, and profit.¹⁹

To understand the nature and scope of this movement in the United States, let’s return to the analyses of Gregory Dees, one of the founding scholars of social entrepreneurship. As Dees noted, here we find two things—*a focus on creating new institutions, rather than trying to force old institutions to change, and a focus on acting ourselves to find more effective ways of living justly.*

Dees provides a clear definition of what unites social innovators and entrepreneurs:

Social entrepreneurs play the role of change agents in the social sector by:
Adopting a mission to create and sustain social value (not just private value),
Recognizing and relentlessly pursuing new opportunities to serve that mission,
Engaging in a process of continuous innovation, adaptation, and learning,
Acting boldly without being limited by resources currently in hand, and
Exhibiting heightened accountability to the constituencies served and for the outcomes created.²⁰

In 1998 the first social enterprise conference was held in Colorado Springs. The field has been rapidly growing since then and the mission is clear.

Three characteristics distinguish a social enterprise from other types of businesses, nonprofits and government agencies:

It directly addresses an intractable social need and serves the common good, either through its products and services or through the number of disadvantaged people it employs.

Its commercial activity is a strong revenue drive, whether a significant earned income stream within a nonprofit’s mixed revenue portfolio, or a for profit enterprise.

The common good is its primary purpose . . . baked into the organization’s DNA, and trumping all others.²¹

Note the key factor here for these efforts of the owning class and professional managerial class to live justly, “heighted accountability to the constituencies served and outcomes created.” These concerns of social equity and environmental sustainability are not limited to small enterprises. There are now 1,156 corporations in 37 countries that are committed to “using the power of business to solve social and environmental problems.” Nineteen states allow benefit corporations, and the number is growing.²²

An economy of interdependence is being created not only in small businesses, but in corporations throughout the world. Here we have another shift in honor codes, business leaders voluntarily committing themselves and their companies to a higher and more rigorous definition of excellence, and a radically different view of success. People who have chosen to create B corporations see themselves as a “growing community” that is an “increasingly powerful [agent] of change”: “We are passing laws. We are driving capital.”²³

In August 2013, owners and managers of B corporations wrote a letter to fellow business leaders on the occasion of Delaware enacting benefit corporation legislation. They saw the value of Delaware’s move as twofold—enhancing the social good and making sufficient profits. They forthrightly acknowledged the failure of old business models: “Until recently, corporate law has not recognized the legitimacy of any corporate purpose other than maximizing profits. That old conception of the role of business in society is at best limiting, and at worst destructive.”²⁴

Now, they saw new opportunities, “a new freedom to build businesses with a higher

purpose than simply maximizing profit. We are part of a growing movement of business leaders that see this as a big market opportunity, because a large and increasing number of people want to support a better way to do business—better for our workers, better for our communities, better for our environment.”²⁵

To take this goal seriously requires a deeper understanding of social change. Here we see what happens when protests are effective. Once business leaders recognize the imperative of justice for workers and environmental responsibility, what next? In order to be certified as a B corporation, the actions that are taken in corporate governance, in environmental impact, in worker compensation and inclusion must be more than symbolic. The challenge of these business leaders to others is clear:

Put your higher purpose into practice, and compare and improve your social and environmental performance by using a free educational tool like the B Impact Assessment.

Bake your purpose into the legal DNA of your business and help ensure it remains central as you scale, bring in outside capital, plan succession, or even sell, by registering as a benefit corporation.

Be recognized as a leader of this new economy by becoming a Certified B Corporation.²⁶

Some companies also focus on providing well-paid and rewarding work to people who have difficulty finding jobs. Part of their mission is to integrate people into the social fabric of their communities. In his exposition of the multiple forms of environmentally sustainable and socially just businesses, Khanjan Mehta, a founder of the field of humanitarian engineering and social entrepreneurship, gives a concrete example of one business that does just that:

Greyston Bakery sells brownies and cookies just like normal bakeries, but their motto says it all: ‘We don’t hire people to bake brownies, we bake brownies to hire people.’ Their goal is to hire and empower people who would not otherwise be employable because of previous criminal history or lack of relevant skills. Greyston focuses on giving such individuals a chance at a job and helping them onto the path of self-sufficiency.²⁷

In addition to a focus on who is hired, there is deliberate attention to diversity at all levels of these institutions: the board, owners, managers, and staff. Careful attention is given to fair governance, and rigorous assessment of environmental impacts of not only the business itself, but of its suppliers.

This movement, as large as it is, is occurring in the context of other changes in how people throughout the world are “performing economy.” J. K. Gibson-Graham describe a “diverse economy,” shaped by common questions and aspirations, rather than by common answers. They highlight the common questions, and the ethical goals that are driving a diverse economy that acknowledges, honors, and fosters interdependence.²⁸

Community Economies

J. K. Gibson Graham have led action research projects in the Pioneer Valley of Massachusetts, in

the Latrobe Valley in Australia, in the Asian Migrant Centre in Hong Kong, and in four projects in the Philippines (Jagna, Bohol, Linamon, and Mindanao).²⁹ They describe economies in which subsistence needs are met through alternative market transactions and the ethical or fair trade of products, with producers and consumers agreeing on price levels that sustain the livelihood of the producers. They also highlight the growth of green or socially responsible capitalist firms—businesses concerned with profit, but “also concerned with environmentally responsible production, with increasing workers’ ownership of the firm, or distribution of surplus to replenishing and maintaining the social commons.”³⁰

For many critics of unjust economic structures, it is often difficult to move from critique to constructive work. J. K. Gibson-Graham refer to the “familiar mode of being of the anticapitalist subject, with its negative and stymied positioning.”³¹ Have you witnessed or experienced this stance of cultured despair—being fully aware of the magnitude of the problems that face us, but being equally aware of the lack of commensuration between the depth of the problem and the impact of our efforts for social justice? Such despair sometimes takes the form of even criticizing efforts at social change as foolish, taking a perverse satisfaction in being able to predict one’s own defeat. J. K. Gibson-Graham give an example of the claims that they often hear: “the assertions that capitalism really is the major force in contemporary life, that it . . . has no outside and thus any so-called alternatives are actually part of the neoliberal, patriarchal, corporate capitalist global order . . .”³² J.K. Gibson-Graham then ask a series of probing questions: “What was this all-knowingness about the world? Where did this disparaging sense of certainty come from, the view that anything new would not work?”³³

Although we often recognize the importance of challenging the necessity and inevitability of unjust social structures, it is difficult for many, activists and leftist intellectuals alike, to forgo the satisfaction of theoretical comprehensiveness and certainty, even when what we are certain about is the impossibility of fundamental social change!

J. K. Gibson-Graham explicitly acknowledge the multiple ways we are invested, literally and metaphorically, in existing economic structures. The inability to imagine an alternative form of markets, of economic relations, is also shared by many workers. They cite the example of the Argentinean workers who participated in the “recreation of Argentinean manufacturing.”

When unemployed workers in Argentina took over abandoned factories after the economic crisis of 2001, the obstacle they encountered was not the state or capital—which were, after all, in disarray—but their own subjectivities. They were workers, not managers or sales reps or entrepreneurs, and as one of them said, “If they had come to us with 50 pesos and told us to show up for work tomorrow, we would have done just that.”³⁴

J.K. Gibson-Graham state that This “struggle against themselves” is explicitly acknowledged as one of the principal tenets of the workers collective, the “cultivation of new forms of sociability, visions of happiness, and economic capacities.”³⁵

In order to create community economies, J. K. Gibson-Graham describe a beginning point that is as daunting in practice as it is simple in theory: “start where you are and build on what you have.”³⁶ Why is this simple task so difficult? We often begin from communities marked by deep despair and hopelessness. J. K. Gibson-Graham describe the understandable deep resistance to work for social change among those most marginalized and exploited, a resistance grounded in the trauma of years of rejection, failure, and exclusion. They describe, for

example, the endemic hopelessness of laid-off workers and unemployed youth in the Latrobe Valley of Australia. With the loss of an industrial base, a high percentage of the population is unemployed. Many older workers, laid off after years of relatively well-paid employment, feel themselves the victims of an all-powerful system: “Look what *they* have done. What are *they* going to do about it? What’s the use? No one is going to be bothered with community enterprises. People will want to be paid.”³⁷

Among young people who have never been employed and have no prospects of meaningful work, J. K. Gibson-Graham find despair and a sense of worthlessness: “What can I do? I can’t do anything. People look at me cause I’m a dole bludger—a bum.”³⁸ They did, however, find sources of hope in another group, single mothers, working together to support their children and each other. For others, caught in the trauma of rejection and failure, the breakthrough to new economic enterprises did not come from either the denunciations of unjust economic structures nor through ringing declarations of the moral imperative of new economic forms. The breakthrough came through different forms of acting together—work projects clearing abandoned lots for a community garden and workshop, and collective trips to a conference on cooperatives and to a community garden in inner city Melbourne.³⁹

J. K. Gibson-Graham challenge us to embrace the intrinsic ambiguity of creating new institutions, and name some of the barriers to such an embrace: “Fearing implication with those in power, we become attached to guarding and demonstrating our purity rather than mucking around in everyday politics.”⁴⁰ They ask us to follow the guidelines of the queer and feminist critical theorist Eve Sedgwick, recasting our tasks as intellectuals:

What if we believed, as Sedgwick suggests, that the goal of theory were not only to extend and deepen knowledge by confirming what we already know—that the world is full of cruelty, misery and loss, a place of domination and systemic oppression? What if we asked theory to do something else—to help us see openings, to help us to find happiness, to provide a space of freedom and possibility?⁴¹

As you will have noticed by now, the intent to do good is not enough. Attention must be paid to actual impacts to ensure that our efforts are both financially sustainable and genuinely transformative, meeting the needs of all people, and not just those of the middle and upper class. Here we have another recognition of the fourth Windigo. Our ideals may be pure but our strategies and tactics inept. We can be shortsighted and ineffective in our attempts to meet a larger social good. The words of Marc Lane are stark and essential for us to hear and reckon with. He states that it is always harder to run a mission-driven venture than a short-sighted and exploitative one:

They [mission-driven ventures] are tough to set up, slow to get going, and expensive to run, especially if their mission includes employing and supporting people facing barriers to employment, the mission most commonly pursued by social entrepreneurs.⁴²

Not only are such ventures a challenge to create, but their ongoing operation remains full of risk:

It never gets easier. Even the most successful mission-driven venture cannot responsibly count on continuing success. As with any business, consumer appetites can change, ties with suppliers can break, key employees can move on, costs can

rise, and competition can stiffen. So the need for talented, consistent, and proactive management will never go away.⁴³

Take for example a study of a failed social enterprise in the spring 2015 issue of the *Stanford Social Innovation Review*. A core ingredient of proactive management is paying attention to, and learning from, failure. As the editor of the *Review*, Eric Nee, notes, “roughly half of all new businesses are gone after five years.”⁴⁴ Given that reality, we are well served by taking stock of what factors can be identified as likely to lead to failure. Michael Cobb, Caitlin Rosser, and Andreas Vailakis, master’s candidates in social enterprise at the School of International Studies at American University, with the director of the School of International Studies, Robert Tomasko, take up just that task in their analysis of the failure of Cause, a restaurant and bar in Washington, DC, that was created to both attract a clientele committed to social justice and to give all of its profit to nonprofits working for social change. The restaurant closed after 14 months, unable to generate enough revenue to continue operation, much less make specific donations to nonprofits. The goal of the business was clear:

From the start (and until the very end), Cause stayed remarkably true to the value proposition laid out during that first conversation between [the founders] Vilelle and Ratwani: Cause would make an impact by enabling people to give to charity through an everyday activity; at the same time, it would provide much-needed funds to nonprofits. Each quarter, according to the initial plan, Cause would choose four organizations and distribute that quarter’s profits to those groups. In addition, Cause would help raise awareness of social purpose organizations and would serve as a community space where people could engage with issues of local and global scope.⁴⁵

The problem, however, was that the envisioned clientele, members of the nonprofit community, did not have the financial means to sustain a full-service restaurant and bar:

“We came to realize that members of the nonprofit community—the first people to fall in love with Cause—weren’t exactly what you’d call big spenders. And who can blame them? Making \$35,000 a year and living in D.C. isn’t easy,” Vilelle noted later. Consequently, the restaurant failed not only to get enough people in the door but also to generate enough revenue once customers arrived.⁴⁶

Others in the restaurant business have also noted that relying on events hosted by nonprofits is also financially insufficient: “customers who attended events hosted by nonprofits often spent very little money and required a lot of time and effort to serve—a situation that proved to be especially frustrating for staff members who depended on tips to generate a decent income.”⁴⁷

What are the lessons? Cobb, Rosser, Vailakis, and Tomasko describe other social enterprises that have succeeded and note that a key factor is making sure that fulfilling the social mission is part of daily business, and not only a result of financial success. They describe two organizations that have accomplished what Cause did not, making “the pursuit of a core mission . . . an intrinsic feature of its business.”

Busboys and Poets, a certified B Corporation, is a restaurant chain that has developed a reputation as a center of community activism. As Cause did when it opened, Busboys and Poets attracts people from Washington’s activist and non-

profit communities, and it offers itself as an event space for members of those communities. Unlike Cause, however, Busboys and Poets pays its staff members a living wage and provides benefits—paid time off, health insurance, and matching 401(k) contributions—that go well beyond what most restaurants offer. It has also developed an arrangement through which employees who work during community events get paid a flat rate instead of relying on tips. . . . Today, after less than a decade in operation, Busboys and Poets has four locations in the Washington area.⁴⁸

In their analysis of a similarly successful organization, DC Central Kitchen, a business that provides culinary training to at-risk and formerly homeless adults, Cobb, Rosser, Vailakis, and Tomasko describe the redefinition of success. They quote the CEO of DC Central Kitchen, Mike Curtin, “Even if we’re just breaking even, we’re still winning because we’re accomplishing that mission.”⁴⁹

How do we know, however, if that mission is being met? How do we know if we are serving the interests of all? The economists Abhijit Banerjee and Esther Duflo have taken attention to impact to a new level of rigor and precision in their study of global initiatives to combat poverty. In 2003 they founded the Poverty Action Lab, and by 2010 researchers with the lab had studied “over 240 experiments in forty countries around the world.”⁵⁰

Like J. K. Gibson-Graham, Banerjee and Duflo’s immersion in the empirical study of communities that are different from their own has led them to make a shift “away from universal answers.” These studies have led them to a conclusion similar to that held by J. K. Gibson-Graham: there will be more than one way to create community economies, more than one way to establish excellent health care, education, and environmental practices. Furthermore, what works in one situation may not work in another. As Banerjee and Duflo insist, attention to particularities of motivation, context, and resources are necessary to overcome the barriers of “ideology, ignorance, and inertia.”⁵¹

In spite of these difficulties, Banerjee and Duflo find that incremental change is possible and can serve as the foundation for further substantive change, what they call the creation of a “virtuous cycle”:

If we resist the kind of lazy, formulaic thinking that reduces every problem to the same set of general principles; if we listen to poor people themselves and force ourselves to understand the logic of their choices; if we accept the possibility of error and subject every idea, including the most apparently commonsensical ones, to rigorous empirical testing, then we will be able not only to construct a toolbox of effective policies but also to better understand why the poor live as they do. Armed with this patient understanding, we can identify the poverty traps where they really are and know which tools we need to give the poor to help them get out of those.⁵²

At the core of overcoming poverty traps is a basic commitment, simple in theory, complex in practice: recognizing the full humanity, and enabling the equal participation, of the poor in all efforts at economic development. Banerjee and Duflo have addressed this dilemma directly and challenge the way that the poor are characterized in much social theory and the implications of uninformed views for initiatives to combat poverty.

The poor appear, in social theory as much as in literature, by turns lazy or enterprising, noble or thievish, angry or passive, helpless or self-sufficient. It is not

surprising that the policy stances that correspond to these views of the poor also tend to be captured in simple formulas: “Free markets for the poor,” “Make human rights substantial,” “Deal with conflict first,” “Give more money to the poorest,” “Foreign aid kills development,” and the like. These ideas all have important elements of truth, but they rarely have much space for average poor women or men, with their hopes and doubts, limitations and aspirations, beliefs and confusion. If the poor appear at all, it is usually as the *dramatis personae* of some uplifting anecdote or tragic episode, to be admired or pitied, but not as a source of knowledge, not as people to be consulted about what they think or want or do.⁵³

In contrast to these reductive generalizations, Banerjee and Duflo claim that immersion in the lives of the poor is necessary to craft economic policies that successfully combat poverty. In so doing, they found that “the poor often resist the wonderful plans we think up for them because they do not share our faith that those plans work, or work as well as we claim.”⁵⁴ They have concluded that there are good reasons for that mistrust: policies based on ideology that ignore the material constraints of people’s lives. They give one striking example, a failed attempt to address the absenteeism among health care workers in the Indian Udaipur District by the nongovernmental organization Seva Mandir. They cite the discovery by Neelima Khetan, the head of Seva Mandir:

She had discovered . . . that what they [the nurses] were expected to do was crazy: Come to work six days a week. Sign in, then take your medicine bag and head out to one of the hamlets to do the rounds. Walk anywhere up to 3 miles to reach the hamlet, even if it’s 100 degrees Fahrenheit in the shade. Go from house to house checking on the health status of women of childbearing age and their children. Try to convince a few uninterested women to be sterilized. After five or six hours of doing this, walk back to the center. Sign out. Take a bus to go home, two hours away.⁵⁵

Banerjee and Duflo see in this specific intervention an example of an endemic pattern that leads to the failure of social policies:

The nurses’ workload was based on an *ideology* that wants to see nurses as dedicated social workers, designed in *ignorance* of the conditions on the ground, that lives on, mostly just on paper, because of *inertia*. Altering the rules to make the jobs doable might not be sufficient to get the nurses to come to work regularly, but it has to be a necessary first step.⁵⁶

Their work illustrates another intrinsic barrier to successful social change—expecting people to trust that change is substantive and long-lasting in a period of months, rather than years. Their research reflects the insight of John Paul Lederach, expert in conflict mediation and resolution, about the persistence and time constraints endemic to successful conflict resolution. Taking as an example a local police force that undertakes a system-wide initiative to improve its relationship with the community it serves, Lederach states that

[the] test of authenticity of this change . . . will not lie at the level of the words spoken by the leaders or written on the side of the patrol cars, the distribution of the brochures announcing the program and the new guidelines, or the budget that paid for the training, which demonstrates the system’s commitment to the change.

Ultimately the authenticity litmus test will ride on how people experience the behavior of police officers in real-life situations. The great paradox is this: . . . Authenticity involves a long waiting period until people believe the change is real, but judgment of inauthenticity is continuous and immediate.⁵⁷

Despite these difficulties, and with ongoing attention to them, change is possible. And while not perfect, while not applicable in every situation, even modest changes can serve as the catalyst for ongoing efforts to distribute resources and opportunities with respect and care. Take for example the work of Carrie Dahlquist and Choice Employment Services.⁵⁸

Carrie Dahlquist and Choice Employment Services

Carrie Dahlquist sits across the table from me in the modest office of Choice Employment Services in Decorah, Iowa. “I’m just a mom,” she said. “I never went to college. Who would have dreamed that I could start a company, helping others in a real way? Choice has grown from just me at my kitchen table to having this office with 20 employees.”

Choice specializes in finding jobs for people who are disadvantaged in the job market by physical or mental disabilities, including mental illness. Like many agencies of its kind, Choice sends job coaches to work with their clients, helping them learn the job and become successful at it. But they have a rather unique approach to providing these services: they offer their clients choices in the type of job they will be doing.

“I really believe everyone has a path, and everything you do in life helps prepare you for that path, that purpose,” Carrie says. Her son Taylor suffered a traumatic brain injury when he was three months old. He learns more slowly than most people do, and needs a lot of repetition. He had good support while in school, but once he graduated, he couldn’t find work. He finally got a job through State Consumer Choice Options, at Walmart, and he learned his job and no longer needed his job coach.

Carrie was impressed with the difference it made for her son to be working and able to earn money. She saw what could be done for people like Taylor, and she wanted to give back. So she became a job coach for the agency that had helped her son.

Carrie soon found that Taylor’s experience was far from the norm. The goal of most agencies that work with the differently abled population is to get them working at any job the placement person thinks they can handle. The person whose life this is affecting has no choice, no say in what kind of job they will be given. And once placed, there is no provision made for learning new skills, taking more responsibility at work, or moving to a better position in the future.

The more Carrie looked into vocational services for the disabled, the more she realized the ways in which our system lets them down, shoves them aside. Not everyone even gets a job; many are placed in shelter-workshops where they live dormitory style and work for \$3 a day doing piecework. “Who profits from this work?” Carrie asks. “In many ways, this is modern-day slavery.”

By contrast, Choice prides itself on being consumer driven. The goal is individual empowerment. They ask each person, “What’s your dream? What do you need in order to get there?” They start with where the person is right now, and help them work toward more and more success. The job counselor helps them look at different angles, different approaches to

honestly get closer and closer to doing the type of work they find most fulfilling. “To be successful, people need to be happy,” she says.

Choice offers individual job coaching, for as long as the consumer needs it, but the final goal is independence from the job coach. Choice counselors and job coaches must have a passion for people, and be willing to put the consumer’s needs first. They have become adept at thinking outside the box. Choice can create opportunities, jobs that meet the client’s needs and also the needs of the employer. They will set up trial jobs, which may become an actual job because the employer sees that the person is filling a need—maybe one they didn’t even know they had.

For example, one person Choice helped had been a healthy young man until he got hurt in a farming accident, which left him blind and in a wheelchair. His life is now taken up with doctor visits, therapies, and being cared for by nurses and aides. But he loves to talk to people. Choice set up a program for him where he would talk to other residents of the nursing home for 15 minutes each. He visits each person at the same time on the same day each week. He started out on a volunteer basis, but the staff began to notice a marked improvement in the mood, vitality, and interest in life of those that this man visits. These residents became much more compliant and were easier for the staff to care for. They recognized the value of these visits, and created a position for him, paying him for the service he provides. For this young man, his life now has a purpose, and he knows he performs a valuable service, doing something he really enjoys doing.

Once an employer has had experience with a Choice-placed worker, they often see the benefit not only to the consumer and to society, but to their business as well. They find that job-supported employees are generally more punctual, more dedicated to doing a really good job, and less apt to call in sick than other employees. They are earning their own money, meaning fewer taxpayer dollars must be spent supporting them. They grow in self-esteem, and become truly valuable members of the workforce.

Choice staff members work with employers individually, finding out their needs. They help employers to recognize the possibilities for their business. They explain that a job coach will stay with the employees for as long as they are needed. They show them a study that found that hiring people with disabilities actually increases quality and productivity store-wide, and decreases staff turnover and absenteeism.

Carrie says, “I’m a mom, and I run this business from a mom’s perspective. What would I want for this consumer, if I were their mother? That’s how we treat them. We are as interested in their dreams and their success as their own mother would be.” She feels that focusing on consumers’ strengths, rather than their disabilities, allows for growth and a feeling of competence, which brings out the best in each person.

With this strengths-based orientation, Choice is at the forefront of what Carrie calls “the newest civil rights movement.” More and more, people across the country are becoming aware of the need to include those with disabilities in every public venue and to give them the widest range of opportunity possible. Recently, the American Dream Employment Network reached out to Choice to partner with them in their Ticket to Work program. ADEN’s purpose is to provide high-quality services to Social Security disability beneficiaries. ADEN recognizes that the people-centered focus of Choice makes a huge difference in the lives of disabled people, is beneficial to the businesses that hire them, and saves taxpayer dollars.

Local employers are beginning to catch the vision of how disabled workers can contribute to their business in a very real way. The head manager at the local Walmart has been so happy with the results that he has spread the word among his business associates. As a result,

the Walmart in Prairie duChen, about 40 miles from Decorah, has not only hired Choice job-supported employees, but has “gone above the call of duty,” as Carrie put it. They employed someone who had issues that resulted in attendance problems. Rather than letting him go, his supervisor worked with the job coach to develop a protocol to deal with his issues. This consumer just passed his first-year review, and got a raise in pay.

Choice is groundbreaking in another way, as well. They have hired some of their own consumers: 25% of their staff is composed of people who are disabled or are impaired by mental illness. This is far above the goal that the government has set of 3% disabled workers in workplaces nationwide. Carrie believes that goal can be met and even exceeded by attention to making the job fit not only the employers’ needs, but the needs and desires of the disabled workers, as well.

“When people are happy in their work, they show up on time, and do an excellent job, consistently. This makes them wonderful employees,” Carrie says. She tells of one young woman who really loved to cook, and had a dream of being a chef; but with no experience or training in institutional cooking, she wasn’t ready for a restaurant cook job. But she was willing to start out with a job cleaning bathrooms—in a restaurant. The owner was impressed by her diligence and thoroughness. So when he needed someone to do some food prep work for a few hours a week, Choice suggested they add an hour to this woman’s work schedule, washing and cutting up vegetables. She did so well at this that soon she was doing salad prep; then she was moved up to work at the fryers.

But at this point she had no more room for advancement in this small restaurant. Choice then worked with her case manager at Social Services to find her a job at Strawberry Point, a local nursing home. Now, she is working in dietary and cooking, performing a job with considerable responsibility. She is doing what she loves, and feels needed and appreciated. Strawberry Point has become very supportive of Choice, hiring their people whenever they can, and letting other business owners and managers know about the advantages of employing people through Choice Employment Services.

Carrie’s passion for helping each person have the widest possible choice has rubbed off on her family. As the client base grew and more help was needed, Carrie’s husband quit his job and came on staff full time. Three of their children have graduated from college and now work at Choice, offering their skills in business and social work to the mix. “It’s great to be working together for something we all believe in,” Carrie says with a smile.

What can we learn from Carrie’s work for social equity? For modest changes to serve as catalysts for ongoing efforts, three factors are required:

1. Immersion in the lives of those who are most exploited and ignored, working together, not working for, sustainable human flourishing.
2. A culture of ongoing evaluation and critique and institutional practices that enact that critique on a routine and ongoing basis.
3. A redefinition of success.

These factors are at work in others who own and manage social enterprises and B corporations, and are a manifestation of the way that the economic and political power of the professional managerial class can be used in the interest of what the theologians Kwok Pui Lan and Joerg Rieger call “deep solidarity.”⁵⁹

Before we explore such emerging forms of economic change in more detail, let’s step back and think about two factors: the basics of social change and the role of particular classes in engendering that change. With regard to the role of particular classes, this book is largely

focused on the role of the professional managerial class, those who have achieved some measure of institutional power and want to marshal it in the service of progressive social change. True to the basic tenets of theologies of liberation, it is crucial that we acknowledge our social location, and the roles that we can play from that location. It is important for us to see the nature of our political, social, and economic power and to learn how to use it for justice.

Beginning in the late 19th century and continuing into the 21st century, the professional managerial class has played a distinct role in capitalist societies. In their 1977 work, “The Professional Managerial Class,” Barbara and John Ehrenreich provided a classic description of this class and its economic and social power. Members of the professional managerial class are neither the primary owners of the means of production, nor the workers who produce goods directly. Rather, as managers in corporate and civil life, as physicians, nurses, teachers, ministers, architects, engineers, attorneys, and professors, *they are the agents of social order*. This may be a social order based on social control, and hence be accompanied by relationships of either deference or hostility from the working class, or it can be a social order in solidarity with the working class, agents of a social order based on justice, equity, and compassion. They have the relative leisure and social capital to make their voices heard and can lead demonstrations and acts of public witness. More importantly, in their professional lives they are in decision-making positions in which they can respond to demonstrations and acts of public witness. They can shape policy to respond to the dual imperatives of social justice and environmental sustainability.⁶⁰

Key Insights for Progressive Practice

What does it take for consumers, investors, workers, managers, and owners to move away from the Windigo of extractive capitalism and excessive consumerism to the creation of community economies of mutuality and reciprocity? What does it take to make such efforts genuinely liberative? How can we avoid the trap of seeking a larger social good, yet only meeting the needs of our own social class? Here the basic tenets of liberation theology are essential: first, ongoing involvement of those marginalized and excluded groups in the creation of social policies and institutions, and, second, ongoing attention to the impact of our joint efforts on those most marginalized. This requires direct contact, building relationships of accountability and mutual critique.

In the *Oxford Handbook on Professional Economic Ethics*, the economist Ravi Kanbur makes a strong case for sustained immersion in communities served by development professionals. Kanbur is a professor at Cornell University, and served on the senior staff of the World Bank, including as principal adviser to the Bank’s chief economist. He has also served as director of the World Bank’s World Development Report. He finds that well-designed immersions as short as 2–3 days make an immense difference for development professionals in “keep[ing] them in touch with the lives of the people their work is supposed to help.” He goes on to argue that periodic immersions in which development professionals are made aware of “the changing realities of development” are critical for the professional rigor of development work.⁶¹ This same immersion is true for those who own and manage social enterprises and B corporations. In order for our commitment to the common good to remain effective, we must be continuously grounded in learning with and from people whose life experiences are so very different from our own. Without such continuous connection, our work can lose its

transformative power, becoming merely charity rather than genuine empowerment.

How do we know if we are living in genuine solidarity? How do we know if our work is mutually empowering? Here again the analyses of Eggers and Macmillan are instructive. In their description of the solution economy we see the fourth Windigo at work, the inability to forthrightly embrace our ongoing capacity for failure. Eggers and Macmillan manifest both an embrace of critique and a fear of rigorous critique. They are clear about why ongoing evaluation and critique are necessary. Without it, corporate efforts may be only “self-serving efforts in corporate PR,” and their positive impacts can be vastly overstated.⁶² Furthermore, even when intentions are genuine, specific ventures will fail. Given these dual realities, the creation of independent and rigorous means of tracking impact is critical and ongoing.

Real-time feedback, still relatively rare among solution economy organizations, is nevertheless likely to grow. . . . Consider the GlobalGiving Foundation, which connects individuals to more than one thousand prescreened grassroots charity projects around the world. . . . GlobalGiving solicited feedback from residents in a Kenyan slum. The foundation asked what it was doing right but also where there were delivery gaps or program complaints. However, instead of simply interviewing individuals, GlobalGiving went a step farther and partnered with a UK-based analytics firm, Cognitive Edge. The partner’s software helped GlobalGiving turn the raw information of residents into data that could be broken down, analyzed, visualized and, in turn, inform decisions on where funds should be allocated.⁶³

These measures, providing mechanisms for listening to, and learning from, intended beneficiaries, is an ongoing imperative.

RARE, a conservation group that deploys its program fellows to areas with biodiversity deemed at risk, is differentiating itself among environmental funders by measuring not only ecological improvements, but also the economic benefits to local communities. . . . When RARE is seeking to establish a no-take fishing zone to repopulate overfished areas in the Philippines, it also tries to provide alternative income streams for locals, in some cases by providing honeybee boxes.⁶⁴

What is important here is a comprehensive set of metrics, not only “acreage of land preserved,” but also economically viable sustainable practices. The challenge is twofold—developing measures that are suited to the opportunities and needs of a particular community, and creating a “common language” so that efforts by social enterprises and nonprofits can meaningfully be compared and evaluated. One group that is working to create such a common language is Impact Reporting and Investment Standards (IRIS). The value of such standards are clear:

Stakeholders can use IRIS to aggregate sector-wide data and compare it across organizations—the same way the SEC extracts data to analyze public companies. Organizations get an accredited way to assess their social performance and maximize their funds. Investors get transparency.⁶⁵

What is crucial in this shift is getting accurate and timely feedback from beneficiaries, feedback that can allow timely changes in how the work of the organization is done: “The sooner an organization is aware of a mishap, the more quickly it can course-correct and repair

relationship with jilted users.”⁶⁶

Eggers and Macmillan’s language here is revealing—while there is a shift to listening to beneficiaries, the reference to them as “jilted users” reflects a mind-set in which beneficiaries are not yet full participants in the constructive work of nonprofits and social enterprises. It is that effort to move from working for to working with that is the next step in creative capitalism, and it is an effort that is being given thorough attention in the world of engagement scholarship. We will turn to those efforts in a subsequent chapter. For now, we are in the world where some moves are being made and much yet remains to be done. It is crucial to note, however, that there is an emerging honor code that is a shift from old ways of doing business, of “operating in isolation, ignoring entire classes and groups of people, and shrugging off ruinous externalities of the market.”⁶⁷

There is a further measure of the impact of social enterprises—not just the impact of the individual mission-driven venture itself, but the larger social change that such ventures spark and support. Here we find a direct confrontation with the seventh Windigo, the complacency of being satisfied with partial changes and mere reform. Marc Lane advocates a commitment to a much larger social good—not just doing well as a single entity, but working with governments to transform the very nature of what types of economic practices are not only laudable and feasible, but are the only ones that are normative and legal.

Mission-driven ventures won’t be judged only by purity of thought, revenue, profit, or even the number of people they serve. It will be their effectiveness as change agents that separates those that earn support and acclaim from those that do not. They will engage and empower commercial businesses to improve their practices; they will lobby governments to change their laws and policies as they help eradicate poverty and unemployment and improve public health and education; and they will leverage their successes, spreading beyond their markets and service areas the solutions they have learned will work.⁶⁸

Those involved in the work of social entrepreneurship share two convictions: fundamental social change is possible, and fundamental social change takes time.

What are the multiple drivers of this form of constructive social engagement? What leads people to take up the demanding, long-term work of institutional change? Here we find an emerging, broad-based sense of what actually constitutes the abundant, flourishing life. Diverse publics may be motivated for closely related reasons: a concern with the integrity of good work (work that is socially equitable and ecological sustainable) and the discovery of a larger good—the joy of being a part of a wider human community. It is here that we turn to the third element of socially responsible economic life, a fundamental redefinition of economic success and of what constitutes the abundant life. People throughout the world are moving away from endless material expansion to genuinely interdependent plenitude. The goal is no longer maximum short-term economic gains but socially just economic and environmental sustainability.⁶⁹

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- 1 In this book my focus is on the ethical challenges and opportunities for consumers, investors, workers, managers, and owners to live out an economy of equity and environmental responsibility. For a thorough exploration of the ethical challenges and opportunities for professional economists, see the groundbreaking work of George F. De Martino. In his 2011 book, *The Economist's Oath*, he lays out the case for economists to forthrightly name core ethical imperatives of challenging "oppression, inequality and injustice." He also calls economists to remain "alert to the dangers of economic experimentation. . . . and to . . . anticipate and prepare for unintended consequences" (George F. DeMartino, *The Economist's Oath: On the Need for and Content of Professional Economic Ethics* [Oxford: Oxford University Press, 2011]), 232) This work has been fundamentally expanded in the influential volume that he edited with Deirdre N. McCloskey, *The Oxford Handbook of Professional Economic Ethics*. In that book, over 40 professional economists take up just this challenge. George F. DeMartino and Deirdre N. McCloskey, *The Oxford Handbook of Professional Economic Ethics* (Oxford: Oxford University Press, 2016).
 - 2 William D. Eggers and Paul MacMillan, *The Solution Revolution: How Business, Government, and Social Enterprises Are Teaming Up to Solve Society's Toughest Problems* (Boston: Harvard Business Review Press. 2013), 3.
 - 3 Bishop and Green, *Philanthrocapitalism*, 175.
 - 4 Andrew Kassoy, Bart Houlahan, and Jay Coen Gilbert, the founders of B Lab, posted "An Open Letter to Business Leaders" on February 6, 2017. <https://bthechange.com/your-business-should-be-a-force-for-good-an-open-letter-to-business-leaders-b6909beab17f> Accessed May 1, 2018.
 - 5 Ibid.
 - 6 Roger L. Martin and Sally R. Osberg, *Getting Beyond Better: How Social Entrepreneurship Works* (Boston: Harvard Business Review, 2015), 7–11.
 - 7 Ibid., 8–9.
 - 8 Ibid., 7–8.
 - 9 Ibid., 9–11.
 - 10 Interview conducted and vignette written by Lynda Sutherland.
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 - 12 Joseph B. Glackin, "What Exactly is a L3C?" Boston College Legal Services Lab. March 21, 2017. <http://bclawlab.org/eicblog/2017/3/21/what-exactly-is-a-l3c>. Accessed April 30, 2018.
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- 13 Marc J. Lane, *The Mission-Driven Venture: Business Solutions to the World's Most Vexing Social Problems* (Hoboken, NJ: Jossey-Bass, 2015), 46–47.
 - 14 One source of such third party certification is the B Lab (www.bcorporation.net), a nonprofit that provides "B(Beneficial) Cor[poration] certification. B Lab's certification process requires that the enterprise be specifically organized, through inclusion of applicable language in its governance documents, of the promotion of a social purpose" (13). While the B Lab is one of the largest organizations providing independent certification, Lane names others that provide the same service: "Global Reporting Initiative (GRI), Ceres Roadmap to

- Sustainability, Green Seal, Underwriters Laboratories (UL), ISO2600, Green America Business Network.” *Ibid.*, 48.
- 15 *Ibid.*, 97.
- 16 For a further discussion of Mondragon, see Gibson-Graham, *Post-Capitalist Politics*, chapter five, 101–126.
- 17 *Ibid.*
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- 23 *Ibid.*
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- 28 Gibson-Graham, *Post-Capitalist Politics*, chapter four, 79–100.
- 29 *Ibid.*, xvi.
- 30 *ibid.*, 80.
- 31 *Ibid.*, xxxv.
- ³² *Ibid.*, 2.
- 33 *Ibid.*, 3.
- ³⁴ *Ibid.*, xxxv.
- 35 *Ibid.*, xxxv.
- 36 *Ibid.*, 98.
- 37 *Ibid.*, 139–140.
- 38 *Ibid.*, 140–141.
- 39 *Ibid.*, 143–144, 159–160.
- 40 *Ibid.*, 6.
- 41 *Ibid.*, 7.
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- 47 *Ibid.*, 23.
- 48 *Ibid.*, 22–23.

- 49 Ibid., 23.
- 50 Banerjee, and Duflo, *Poor Economics*, 14.
- 51 Ibid., 16.
- 52 Ibid., 272.
- 53 Ibid., vii–viii.
- 54 Ibid., 35.
- 55 Ibid., 258.
- 56 Ibid., 259.
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- 58 Interview conducted and vignette written by Lynda Sutherland.
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