

BUSINESS

'Benefit corporations' will promote people, planet and profit

By RUTH HEIL

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Money talks. But sometimes it talks too loudly.

Trying to remain profitable at every turn, we miss out on the benefits that can come from forgoing profit in the short term to make improvements in the long term.

Like internal operations and maintenance, external components such as a healthy planet, a healthy workforce, and a healthy society, also require decisions that may negatively affect the immediate bottom line.

Sadly, and despite the best intentions, Pennsylvania executives' hands are tied by legal framework, forcing them to always put profit before people or planet.

Until now.

Earlier in 2012, members of the state House and Senate unanimously passed HB1616, adding Benefit

Corporation to the list of classes under which a business can incorporate. Unlike every choice that's come before, a Benefit Corporation not only has the purpose of turning a profit, it has the purpose of turning a profit in a socially and environmentally responsible way.

Previously, as Rep. Marcy Toepel, R-Montgomery, stated, "In a typical for-profit corporation, the duty of the organization's executives is to generate profits and maximize stock values for shareholders.

"The Benefit Corporation structure, however, allows corporations the flexibility to consider non-financial interests such as social or environmental benefit when making decisions."

B Lab, the Berwyn-based nonprofit behind Certified B Corps (a sustainability certification for business similar to Fair Trade for coffee), worked with William H. Clark Jr., a partner in Philadelphia's Drinker Biddle and Reath LLP law firm, which drafted the original model.

They created a fundamentally simple solution to the laggard idea that only charities do good work while

only corporations make money. When the two are segregated, the triple bottom line concept of people, planet and profit cannot be truly implemented.

Erik Trojian, B Lab's director of policy writes, "The act will free up the market for mission-driven entrepreneurs and allow them to focus on expanding and improving their businesses."

This Title 15 adjustment will go into effect on Jan. 22, 2013. Just how many businesses come forward will determine how beneficial the Benefit Corporation will be, but the possibilities are many.

Trojian writes, "Benefit Corporations will attract both investors and entrepreneurs to Pennsylvania and create quality jobs while improving society and the environment. The act will allow the market to grow naturally and attract the nearly \$3 trillion in social impact investing dollars available in the marketplaces today."

Toepel said, "By expanding a corporation's legal structure to allow directors to make decisions for the good of society, consumers are able to support businesses that align with their values. With all the emergency

disaster relief work and missions to Third World nations that are based in our commonwealth, this measure will allow these efforts to multiply and help even more people.

"Also, in this economy, many of our nonprofits have experienced additional challenges in generating revenue. This model presents a new opportunity for businesses to more fully participate in roles that were traditionally left to nonprofits."

A more engaged workforce happily doing meaningful work; socially responsible investment portfolios that seek out companies to support versus screen out ones to avoid; a marketplace filled with the green products consumers have been wanting; an entrepreneur joining the corporate ranks, knowing he or she can make a profit and difference at the same time – these rewards can come when money shares its place at the table.

Go to www.benefitcorp.net to learn more about the 11 other states that have adopted similar legislation.

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