

Mission-Based and Employee-Owned

The idea that businesses can have nonfinancial objectives stretches back to the original conception of the corporation. Many argue that companies best contribute to society by maximizing shareholder value rather than explicitly targeting other goals. Regardless, the idea of social responsibility in business has moved deeper into the mainstream as companies seek to demonstrate environmental sustainability and adherence to global labor standards.

Employing Wounded Veterans

One company, Able Forces Professional Services (AFPS), represents an innovative approach to melding business objectives, employee ownership, and an outside mission—in this case, to increase employment opportunities for disabled veterans. AFPS, based in Front Royal, Virginia, employs 58 people, all of whom are military veterans, approximately 30% of whom are disabled. The company's mission is to support the federal government, primarily the Department of Defense (DOD) across multiple professional disciplines for unclassified and classified projects.

The creation of the AFPS ESOP in January 2013 is the result of a search conducted by Source America, a nonprofit organization whose mission is to provide employment opportunities for disabled persons. Source America retained Ron Gilbert of ESOP Services, Inc., to create a model that would meet two requirements: at least 50% of the employees be disabled, and at least 30% of the shares be owned by the ESOP. In return Source America was willing to help defer a substantial portion of the cost of the feasibility analysis and the ESOP transaction's professional fees.

The two founders of AFPS, Skip Rogers and Joe Cunningham, have a commitment to wounded veterans that stretches back to a visit they made to Walter Reed Medical Center, which Rogers describes as life changing.

Rogers has found some interesting advantages to the new ownership structure. The company is currently executing a U.S. Army contract, and



he observes, "What could resonate more inside the DOD or Veteran's Administration than a contractor whose mission is exclusively to employ veterans, wounded warriors, and caregivers?"

Gilbert hopes to complete several additional pilot projects in 2013, "with a long-term goal of thousands of disabled persons building significant ESOP account balances for their retirement." He says that the AFPS ESOP is "the most exciting and meaningful ESOP project I have been involved with in the past 35 years."

The Corporate Mission

AFPS is not the first employee-owned company to have a social mission. Carris Reels is a manufacturing company in Proctor, Vermont. Bill Carris, the company's former owner, drafted the company's long-term plan, a 34-page document that describes the company: "Our goal is to upgrade employees' health, wealth, and happiness as a result of changing from a traditional, privately held company to an employee-owned and governed organization." The plan is also blunt about the importance of profitability: "profits = existence." Part of Carris's focus in this document is internal, concerned with fairness, personal development, and employee participation in the governance of the company.

Other companies, such as Fleetwood Group, CTA, and Border States, have an explicit basis in religious values. Fleetwood Group's home page, for example, notes that the company is "Christ-Centered... Employee Owned," and tells visitors, "You can expect us to do the right thing and you can count on every member of our team to act like we own the place—because we do!" The *West Michigan Business Review* acknowledged Fleetwood as one of the top five most philanthropic small

businesses in Western Michigan, with its team member-owners allocating about a third of the company's profit to achieve almost a million dollars in benevolent cause donations for the year ended November 2009.

B Corporations

Another approach is certification as a B Corp. To be certified, companies must pass a certification process that ensures they meet "rigorous standards of social and environmental performance, accountability, and transparency." Employee ownership is one factor in the certification, and some of the prominent members of the employee ownership world are among the 600 certified B Corporations. They include long-term leader King Arthur Flour, the well-known shoe company Dansk, and the consulting firm Praxis Consulting Group.

Twelve states—California, Hawaii, Illinois, Louisiana, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, South Carolina, Vermont, and Virginia—have passed laws codifying benefit corporations. Benefit corporations are distinct from but related to B Corps. They center on the idea of establishing a corporation that serves "a general-public benefit purpose that requires the consideration of all stakeholders affected by the corporation's conduct."

Employee ownership may also have appeal to other mission-driven businesses. NCEO staff Camille Kerr argues that the low survival rates for businesses from one generation of owners to the next means that socially responsible businesses need to consider tools, such as employee ownership, that can ensure continuity. ■

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