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Testimony of Kate Emery

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IN SUPPORT OF S.B. 23 – AN ACT CONCERNING BENEFIT CORPORATIONS AND
ENCOURAGING SOCIAL ENTERPRISE

Before the Joint Committee on Commerce

Mr. Chairman and members of the committee,

My name is Kate Emery from Farmington, Connecticut, and I would like to speak in regards to my support for S.B. 23 – An Act Concerning Benefit Corporations and Encouraging Social Enterprises.

I am the CEO of The Walker Group, an IT services company organized as a social enterprise based out of Farmington, Connecticut. I wanted to transform Walker into a social enterprise several years ago and needed to spend tens of thousands of dollars in legal fees and time creating a complex legal structure to ensure that Walker operates as a social enterprise, and that it will remain a social enterprise long after I leave the company.

I support this bill because it creates an easy, inexpensive way for other businesses to set up as a social enterprise and to thereby create jobs which solve community problems without being a burden to taxpayers. It's a win-win-win proposition, and represents the kind of innovative thinking our state needs to regain and grow its economic base.

A social enterprise is a business that is organized to use the free market (selling goods and/or services) to make a positive social impact. For a social enterprise, profits are a means to an end, but not an end in itself, since a portion of a social enterprise's profits or resources are donated to a charitable cause, or used to otherwise address a social issue.

Benefit corporation legislation changes all of that, however. Passing this legislation will simplify the process for companies looking to formalize their commitment to social enterprise. It also ensures that they will operate in a transparent manner, and be held accountable for creating a social impact, through the annual benefit reporting standards benefit corporations are held to. In addition, the bill contains a legacy preservation provision, which allows the owners of a benefit corporation to enact an optional clause in their articles of incorporation that will ensure that their benefit corporation remains a social enterprise in perpetuity. This is of particular importance to

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someone like myself who has spent a lifetime creating a business and who wants to protect that legacy into the future.

Another strong reason to cite for passing benefit corporation legislation is the growing group of impact investors who want to put their money into social enterprise, where they can count on receiving a social as well as a financial return on investment. The impact investment sector is one of the fastest growing in the U.S., and is slated to become a \$500 billion industry within the next decade according to the Monitor Institute. This money will go elsewhere if we can't provide a legal designation to companies operating in this manner.

Social enterprise is a large and growing movement. This legislation allows the state to recognize that there can and should be ways of organizing businesses outside of the purely non-profit/for-profit realm. We are thankful for the opportunity to speak with you hear today, and urge the Commerce Committee and the General Assembly as a whole to pass this powerful and innovative bill. Together, we can make Connecticut, a state rich in the history of social innovation, recognized as a hub of social enterprise, which will attract capital and talent, and establish a vehicle for creating businesses that help solve our social and environmental problems.

Thank you for your consideration, and please do not hesitate to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kate Emery', with a long, sweeping underline that extends to the right.

Kate Emery
CEO
The Walker Group