



Testimony for the House Committee on Small Business hearing entitled, “Embracing Corporate Social Responsibility: Small Business Best Practices.”

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Madam Chairwoman, Ranking Members and Members of the Committee, thank you for the invitation to testify today on how small businesses can integrate best practices that promote social good and sustainability.

Small businesses are at the core of our nation’s economy. In 2018, [30 million small businesses](#) accounted for 99.9% of all United States companies. These small businesses [employed 60 million people](#), or 47.3% of all employees. And from 2000 to 2018, [small businesses accounted for 65% of total net new job creation](#). From family stores on your street corners to bustling innovative start-ups, supporting today’s and tomorrow’s entrepreneurs is the responsibility of each and every one of us in order to ensure continued economic and social progress.

The very notion of the American Dream is built on the opportunities we provide for individuals to dream for a brighter future for themselves and their communities. I’ve seen this first hand during my thirty plus years working in and with small businesses. From my time as a young girl in my father’s dental office, to years of waitressing for a small family-owned restaurant, to multiple start-ups in NYC, and finally as the CEO of [Ellevate Network](#), a community dedicated to supporting women at work — I’ve seen the obstacles that small businesses go through and the power that they are capable of achieving. Small businesses are resilient, strong, and innovative like no other.

My passion for this subject matter has driven me to support women and non-binary femme social enterprises as an Angel Investor, to advise entrepreneurs from underrepresented groups, to work with UN Women as part of a coalition developing the innovation market to work better for women, to be a board member for organizations focused on workforce development for at-risk communities, and to be a leader in the B Corp Women CEO [#WeTheChange](#) movement of women leading business for good. Through these experiences, I’ve come to a deep understanding of the human experiences at the center of the small business ecosystem.

Several years ago, Ellevate Network joined companies such as Patagonia, Eileen Fisher, The Honest Company, New Belgium Brewing, Plum Organics, Warby Parker, and Ben & Jerry’s by becoming a certified B Corp in order to underline our commitment to benefit the communities in which we exist and operate. [Certified B Corporations](#) are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. This move came from a place of true understanding of the power of businesses in being a driver of positive social change. As a community of over three thousand certified B corporations, we work toward reduced inequality, lower levels of



poverty, a healthier environment, stronger communities, and the creation of more high quality jobs with dignity and purpose.

Recently, the [Business Roundtable](#), an association of chief executive officers of America's leading companies working to promote a thriving U.S. economy and expanded opportunity for all Americans through sound public policy, released a new Statement on the Purpose of a Corporation. This new statement, signed by 181 top CEOs including Accenture, Apple, and JPMorgan Chase, signified a shift from businesses driven by shareholder primacy to businesses driven for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders.

This is a big statement, and it is an important step towards changing the landscape of business and the world. Now, it needs to be backed up with clear progress and action. Small businesses are in a unique position to pave the way for large-scale business transformation. These businesses are agile, innovative, and centered around community and values. Given the importance of small business development, it is only fitting for our government to support small businesses further in being drivers of social good both internally and externally.

First, we have to recognize that the corporate social responsibility landscape is changing and evolving more than ever before. What was once widely accepted as a practice of engaging employees in volunteer activities or making financial donations to non-profit causes is now defining how our organizations operate from the very beginning of our supply chain to the very last interaction we have with our customers and other stakeholders. Corporate social responsibility today lies in ensuring transparency and ethical governance; providing training, benefits, decent compensation and flexibility to our employees; creating quality jobs in and for communities that need it the most; our relations with suppliers and distributors; as well as how we treat our environment. Adopting a holistic approach to corporate social responsibility is not only important to support our small businesses but key to supporting the future of our economy and our nation as a whole.

Second, we need to measure what matters. Just as businesses have set structures around financial reporting, businesses also need a framework for measuring social impact and sustainability. When Ellevate first took the assessment to become a certified B Corp in 2016, we received a score of 88 out of 200. The assessment, which measures five impact areas including Governance, Workers, Community, Environment, and Customers, illustrated clear areas for improvement within our company. When we re-certified in 2018, our score rose to 115 and we were even named a Best For The World honoree, ranking in the top 10% of all B Corps in our employee-friendly practices such as ownership opportunities, job flexibility, and fair-chance hiring policies. That's progress. I'd also like to note that our business revenues doubled during that time period illustrating that being good for society is also good for business.

Through certifications such as this one, we are able to clearly measure the impact our companies have on the greater society and hold ourselves to a high standard of reporting, transparency, and rigor. Without such standardized requirements, it is virtually impossible to distinguish those organizations that put social good at the heart of their business from the others.



Once we have the measurement mechanism in place, we then need to put it into practice. When addressing distribution of funds, rewards, tax exemption practices, and opportunities, we must prioritize those who make it their duty to prioritize the well-being of their communities and environments. It is time that we harness the power of our legal and governing bodies to further support those organizations and small businesses that make social good a priority. In order to foster further positive change, we must make sure that our need for small businesses to create positive social impact is embraced, supported, and clearly measured by the systems in which they operate.

Finally, we need to address the main obstacles keeping small business, particularly those of women and minorities, from achieving sustainability. Research shows that in recent years, the [most significant growth in entrepreneurship was among women and underrepresented populations](#). Unsurprisingly, these groups are also the ones facing the most challenges in our workplaces. Both women and minorities of all genders suffer from [unequal pay practices](#), lack of advancement opportunities, and implicit and explicit bias at work. [Working caregivers face additional disadvantages](#) when taking caregiving breaks due to insufficient funding and policies that do not match those of other developed nations. And even though entrepreneurship amongst these groups is on the rise, female founders still [receive only 2.2% of early stage venture capital funds available](#). Women of color in particular received less than 1% of VC funding in 2018. Given the disparities in funding and access to opportunities, it is crucial that we support women and minorities financially in starting and sustaining their early stage businesses.

Practices around small business funding and loans have proven to be a valuable starting point, however, we must ensure that these practices extend to provide distinct financial and opportunistic support to our entrepreneurs; particularly in skills development, caregiving, diverse hiring, and access to resources. Internal practices such as paid caregiving leave for entrepreneurs to be able to spend time with their families, subsidized early funding and loan opportunities, as well as increased early business employment opportunities for women and minorities are some examples of immediate ways in which our small businesses can support the social good of our nation.

Supporting the future of entrepreneurship is no easy task. I applaud and am grateful for the work that your committee has done so far in both empowering and further supporting the groups that need it the most. As small businesses continue to be change makers, we must continue to address the systemic discrimination, inequalities, and barriers that they face every day. Ellevate's mission-driven approach, as well as the status as a B-corporation with an undeniable focus on driving social good is just a small example of how organizations can succeed financially while driving positive impact.

With continued innovation, improved policies and measurement practices, and the never-ending dedication of the entrepreneurs who go to work every day in the hopes of building a better future, we have the unique opportunity to mold the American Dream into one that supports the social good of our people, our nation, and the world. Thank you.