



Social Enterprise & Community Composting

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Eco-Cycle International

Boulder, CO.

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Who is Eco-Cycle

eco-cycle[®]

Working to Build Zero Waste Communities

- community nonprofit
Zero Waste Social
Enterprise
- created 1976
- Eric 1989-2014
- 70 employees
- \$5 million/year
- 50,000 tons/year



Who is Eric

ENVIRONMENT AND LEADERSHIP

10 Fixes for the Planet

Scientists, inventors and entrepreneurs are focusing on ways to help the environment. Some of our favorite ideas.



By ANNE UNDERWOOD

IF WES JACKSON, FOUNDER and president of the Land Institute in Salina, Kans., has one complaint, it's what he calls "our deficit spending of the Earth's ecological capital," from oil and minerals to water and trees. NEWSWEEK asked dozens of thinkers for their solutions, from 300mpg cars to using enormous kites to help pull ships.

1 Zero waste: Recycling paper, plastic and aluminum is a start, but, oh, so 20th century.

ERIC LOMBARDI HATES waste. "Landfills are like black holes, where resources go in and never come out," says the executive director of Eco-Cycle, a nonprofit recycler in Boulder, Colo. "As the world's population explodes and its resource base shrinks, we can't afford that." Instead, Lombardi wants manufacturers to make most or all of their products fully recyclable, using materials designed to be recaptured rather than ending up in junkyards. It's not impossible, as companies like Shaw Carpets and office-furniture maker Steelcase are showing. Both make products with stringent C2C Certification, indicating total recyclability—and 40 other companies, tapping into the green building trend, are doing the same. "Waste is expensive and inefficient," says Lombardi. "It only appears cheap because the market doesn't send bills to industry for groundwater pollution and resource depletion."

2 LED light bulbs: Never mind the cliché, they really might be a better idea.

NOW THAT WE'VE ALL DUTIFULLY stocked up on compact fluorescents, guess what? A new generation of even better bulbs may be on its way. LED

WASTE-BUSTER: Lombardi with bags to be made into decking

52 NEWSWEEK | APRIL 14, 2008 PHOTOGRAPH BY SYRVE ROYER FOR NEWSWEEK

2008 Newsweek International

- Co-founder, first U.S.A. organization for "Zero Waste" (1996)
- Co-founder, first global organization for "Zero Waste" (2002)
- Built largest U.S. Social Enterprise for recycling and Zero Waste
- Invited to Clinton White House (1998); Top 100 recyclers to advise on policy
- Global consultant: Italy, New Zealand, England, France, Romania, American Samoa, Tobago, Wales



What is our Context today ?

- 1) We're talking about a Business Opportunity
– community composting
- 2) So why isn't "the free market" already offering this service?
 - 1) Low profits? Yes
 - 2) Barriers to Entry? Yes
 - 3) Limited demand? Yes

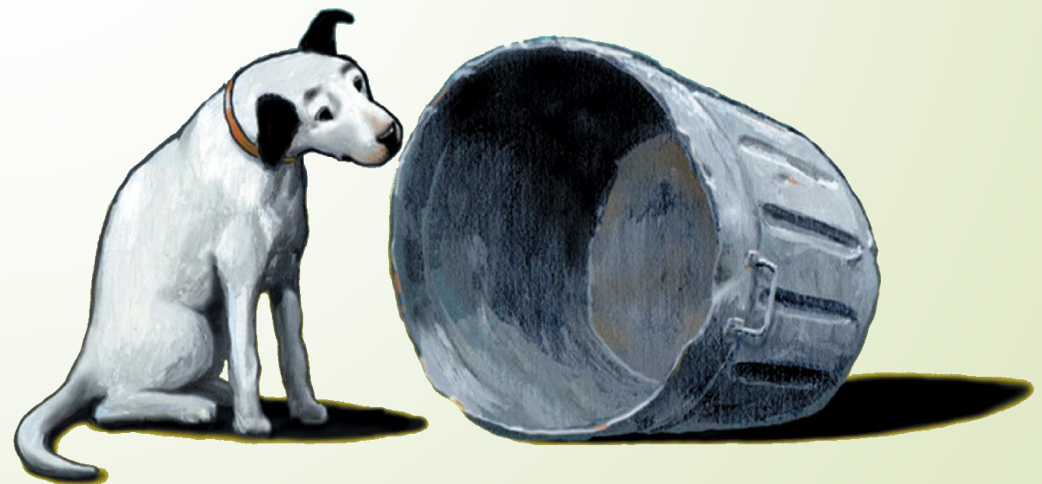
So WHY are you nuts getting into it?



Your Reasons For Getting Into Community Composting

Will Appeal to lots of people...

You need those people, and
You need a vision and philosophy





Here is my philosophy...

*“We Don’t Need to Save the Earth,
We need to save the Business World -
because it is the ways of business that are killing the
Earth.”*

The Ecology of Commerce
Paul Hawken



What is Social Enterprise?

- * *it's a business platform, not a person ... (i.e. the heroic social entrepreneur)*
- * *U.K. = 1 million employed , 80,000 SE's*
Australia, S. Korea, Canada, Africa, etc.
- * *in the U.S.A. no one knows how many there are*
- * *Legal entity structures are emerging: CIC, L3C, C3*



Social Enterprise is growing

“The U.K. Department for International Development (DfID) is ending its “aid” program to India partly on the premise that social enterprise will do more to help India than traditional forms of development ever could.”

- The Guardian

Scotland SE Target = **20% GNP by 2025**

“Shrinking” government = growing social economy

GATES Foundation created a \$1 Billion fund to invest in social enterprise through “Program Related Investments” (PRIs).



Why Is Social Enterprise Growing?

2008 First World Social Enterprise Forum

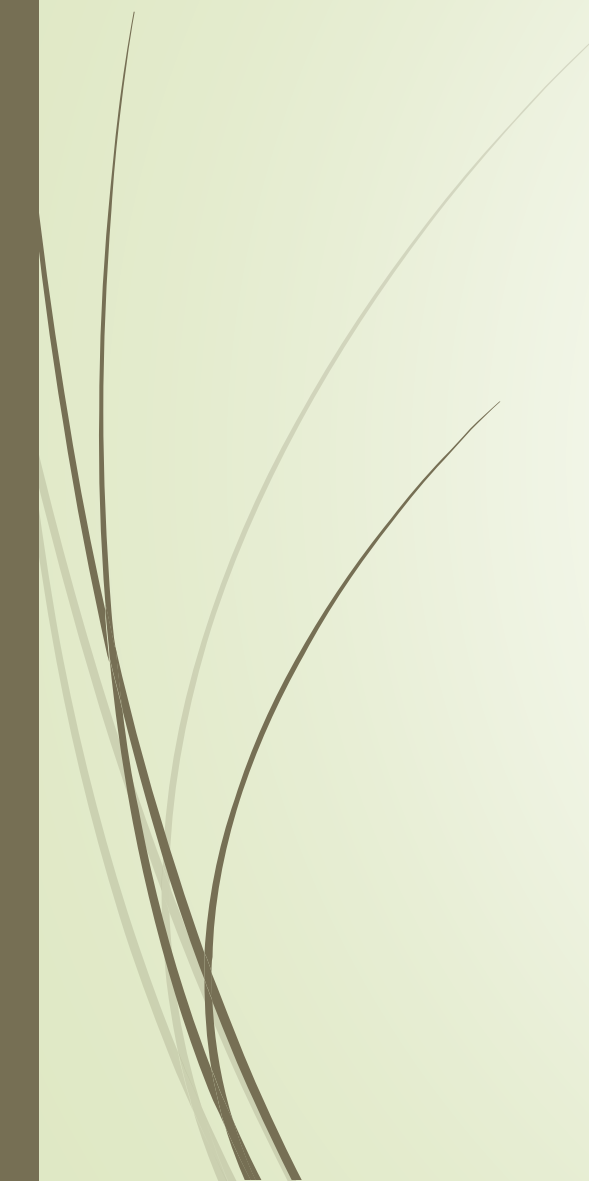
“A new approach is needed to address the major social and environmental problems of our times because the *government can't do it, the market won't do it, and charity is a band-aid.*”

- CEO, Royal Bank of Scotland



Definition of SE by The British Council

“A business that trades to tackle social problems, improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community”





This is (R)evolution

* Traditional enterprise is created to make profits - a “single” bottom line approach (**SBL**) ...

* Social enterprise is created to fulfill a purpose and is expected to use profits to achieve that mission – a “double” bottom line approach (**DBL**) ...

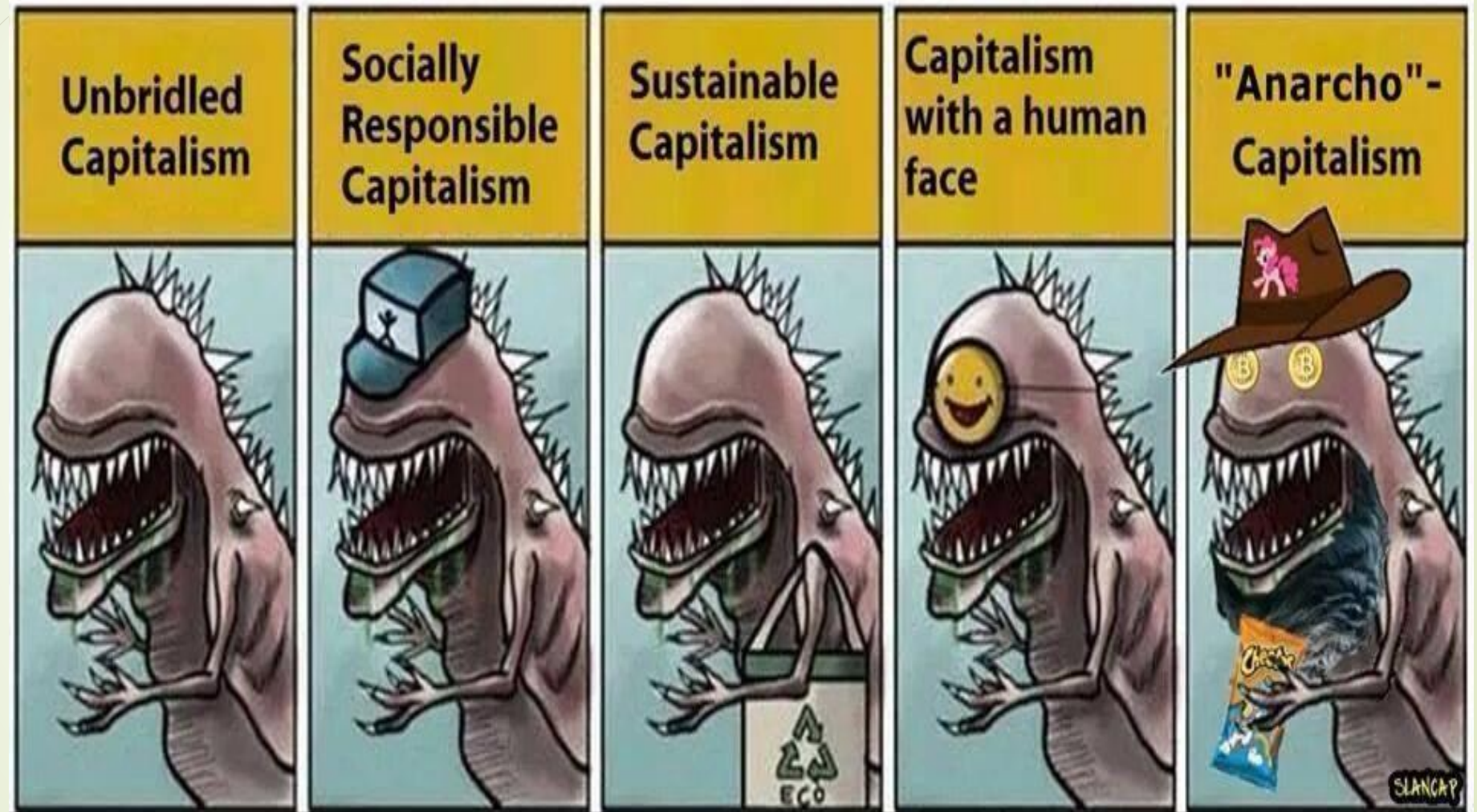
“Where Purpose Meets Profits”



**Some people believe that SBL
capitalism can be modified to fulfill
social and environmental goals ...**

“Conscious Capitalism”
New Capitalism
Green Capitalism
Sustainable Capitalism
Capitalism 2.0

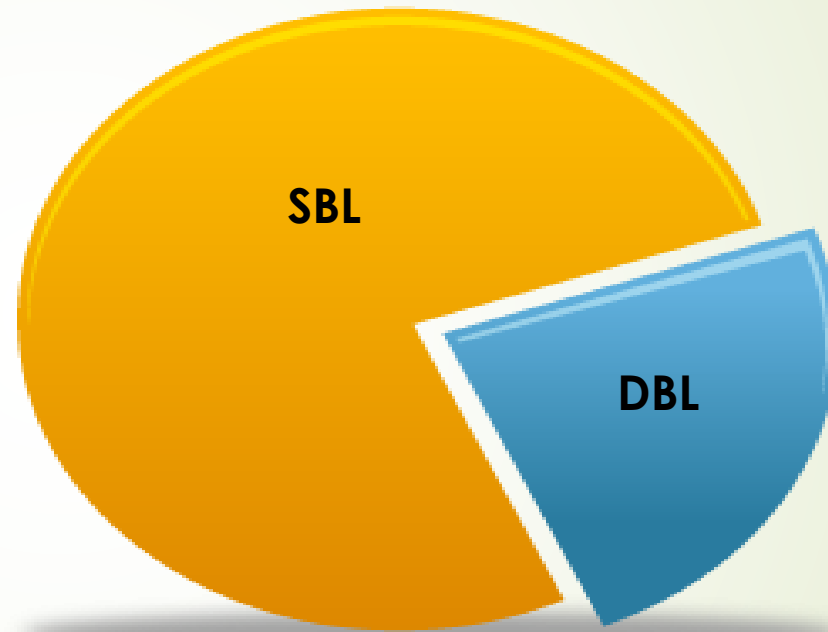
Call me a skeptic ...



Don't Mess With Capitalism ... Mess With the Marketplace

Single Bottom-Line (**SBL**) Marketplace

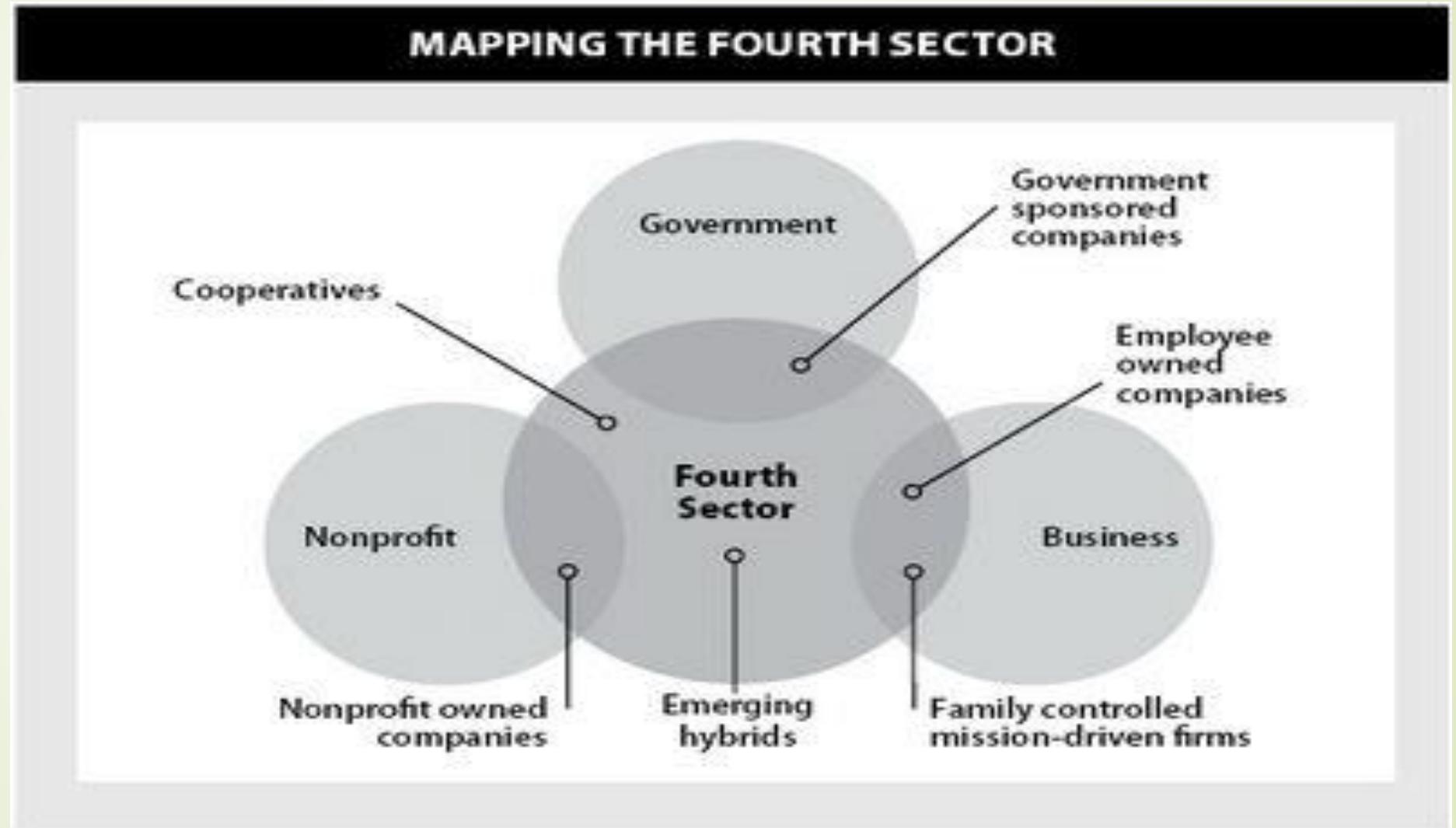
- Profit first



Double Bottom-Line (**DBL**) Marketplace

- Social or Environmental Mission is first priority
- Profit is expected to fund the mission

We're Creating a new legal 4th Sector





Emerging legal platforms for SE's

- ✓ UK: “**CIC**” Community Interest Company (13,500 in U.K.)
- ✓ USA: “**L3C**” Lower-Profit Limited Liability Company
- ✓ Canada: “**C3**” Community Contribution Company
- ✓ Canada: “***A Social Enterprise is any company that commits to spending over 50% of it's profits on its mission.***”



How to Grow the DBL Marketplace?

The U.K. *Social Value Act of 2013*

- **Requires commissioners of public services to secure wider social, economic and environmental benefits.**
- **Gets more value for money (VfM) out of procurement.**
- **Encourages commissioners to talk to their local provider market or community to design better services.**



How to Grow the DBL Marketplace in the U.S.A.?

Answer:

The **L3C & PRI** Approach to fulfilling an expanded definition of what a vital community service is.



What is an L3C?

- **“Low Profit” Limited Liability Company (LLLC):**
It's an LLC with an extra "L" added
 - **Created to fulfill a social or environmental purpose, and making a profit is expected to fund the plan**
 - **The LLC “membership” structure allows for differential rates-of-return (ROR) for investors**
 - **Can be created in 8 states ... there are now over 1,500 L3C's in the USA (August 2017)**
<https://www.intersectorl3c.com/l3c>
- 



What is a PRI? (Program-Related Investment)

- 1. IRS law requires foundations to pay out at least 5% of their holdings each year (currently that equals about \$30 billion)**
- 2. PRI, even as loans or investments, count toward this requirement, however, current IRS rules on PRI are cumbersome, risky and expensive**
- 3. L3C was created to streamline PRI funding for social change**

What is a “vital community service”?

Consider your local electric system...

The "community utility monopoly" *guarantees* a profit to privately-owned utilities in exchange for providing a **vital community service** defined as “safe, secure and reliable electric service.”

It is simply time we expanded our concepts of what vital community utility services are **and include the concept of climate-safe.**





L3C with PRI: Multi-level (tranche) Investment Plan

A Composting Facility example:

“Everytown, USA needs a \$1M community composting facility.”

- ✓ First “at-risk” investment 60% **PRI** = 0% ROR
- ✓ Second 20% is “**slow money**” = 4% ROR
- ✓ Last 20% is **market competitive**= 8% ROR

Key **government contribution**: (no money)

- (1) creates both supply & demand for compost;
- (2) provides land & facilities at low cost.



In Summary:

- 1) *Opportunities abound* for building a Zero Waste World using the Social Enterprise approach;
- 2) Warning: local governments need to be educated about SE ... **“the professionalization of the public servant”** is actually a problem because it is producing government employees who don't understand their “support” roles and rather than enabling SE's they become a barrier.

For More Information:

(1) Social Enterprise World Forum

(<http://www.sewf2017.org/>)

(2) CEIS Scotland (<http://www.ceis.org.uk/>)

(3) U.S. Social Enterprise Alliance

(<https://socialenterprise.us/>)

(4) InterSector Partners L3C

(<https://www.intersectorl3c.com/>)

... and email me! **Eric@ecocycle.org**