



Martha Hawkins is not an easy woman to interview. One minute, she's hugging a customer, asking about his family. Another, she's putting together a to-go order for a couple of older women, who promise to come back again for lunch.

Her actions are just about as telling as anything Hawkins has to say. That's because to her, there's more to running the restaurant she owns, Martha's Place in Montgomery, Alabama, than profit margin or containing costs or any of the dozens of things that impress button-down MBAs. It's about providing her community with good food at a fair price. It's about hiring people whose past might scare off other employers. And, as corny as it sounds, it's about giving a customer a hug.

"People used to tell me that making money should be my first priority," says Hawkins, whose fried chicken and collard greens have earned her a national reputation among soul food aficionados in her 16 years in business. "But I never believed that. If money is your first priority, then you'll do anything it takes to make money. You'll connive and you'll scheme and you won't give back to your community. And what's the point of that?"

That's a question that a lot of people besides Hawkins are asking. It's difficult to get exact numbers, but talk to men and women who run for-profit businesses large and small, as well as consultants and experts, and there's a sense that something is happening in this post-Enron world, and it's not about making a pile of money by any means possible. It's about selling products or services that address environmental concerns or social ills,

about treating employees fairly, about being a responsible corporate citizen.

There's even a term for people who do it: social entrepreneurs.

"What these people are doing is creating new models for solving old problems," says David Bornstein, the author of *How to Change the World: Social Entrepreneurs and the Power of New Ideas*. "We need to find newer and better ways to solve the world's problems, and we can't do it with more of the same cooking. We need new recipes."

In the old days—in this case, about 10 years ago—there was a strict delineation between for-profit businesses and non-profits. The former's goal was to make as much money as possible, which would allow them to write a check to their favorite charity. The latter's was to take that check and work

whatever good they could with it. That is still how much of the system works, augmented by the rapid growth of nonprofit, nongovernmental organizations like Oxfam, the relief group, and Doctors Without Borders, which provides healthcare in developing nations.

But those lines have become increasingly blurry since the turn of the century, thanks in part to a writer named Paul Hawken, whose books — including *The Ecology of Commerce* and *Natural Capitalism* — offered a new approach. No one is saying that social entrepreneurs are as numerous as the ordinary kind, or that the bottom line is no longer paramount in making business decisions. Rather, what people like Hawken, Bornstein and Fariborz Ghadar of the Center for Global Business Studies at Penn State are saying is that there are more social entrepreneurs than there used to be. And there are going to be even more.

"What you're seeing is that when you have corporations who are not responding to people's needs, other people are coming in to meet those needs," says Ghadar, whose think tank studies long-term trends of global business. "And this is happening not just on the international level, but locally as well."

The list of for-profits that do this is long and varied, from a small company that rents solar panels to provide electricity to the poor in Brazil to Interface, the \$900 million, Georgia-based flooring manufacturer that makes as much of its product as possible with recycled materials. The goal, says Jeffrey Hollender, president and CEO of Seventh Generation, which produces environmentally

friendly cleaning products, is to make the world a better place while turning a profit. Hence Seventh Generation and its suppliers use only nontoxic, renewable or recycled materials.

“And that’s not as strange as it might sound,” says Hollender. “It’s not inconsistent to have that vision while growing the business and achieving exceptional financial results.” Case in point: Seventh Generation’s sales increased from \$13 million to \$25 million between 2000 and 2003, according to Hoover’s Online.

In fact, social entrepreneurs are well-grounded in the business world. Hollender can quote SEC regulations; Jane Hileman, the founder and CEO of the American Reading Company, which works with local school districts to improve reading skills, can throw around terms like “corporate culture” and “sustainable business model” despite her educational, non-profit background.

The difference is that these people use their skills to do something slightly different from blanketing the world with a product. “Business can be a vehicle for social change,” says Hileman, offering her company’s model of people, planet and then profit. American Reading Company not only tutors its non-English speaking employees in reading, but gives them one-half day off from work for every 25 hours of reading they do.

“I was raised by do-gooders, and I mean that as a compliment,” says Hileman. “I still believe in that. I haven’t gone over to the dark side. I’ve just found a different way to do good.”

Which is the for-profit model, as odd as that might sound in this day of accounting scandals, insider trading schemes and the like. For-profit companies tend to have less bureaucracy and more flexibility than nonprofits, say several social entrepreneurs, while the need to make money offers incentive and focuses attention on the mission, be it teaching children to read or recycling and remanufacturing inkjet and toner cartridges. In fact, according to a survey by Morgan Stanley Dean Witter and Oekom Research in 2003, firms in the brokerage firm’s world index fund that emphasized social responsibility outperformed their less conscientious colleagues by 23 percent over the past four years.

That doesn’t surprise dot-com veteran Dan White, the president and CEO of the 2-year-old Rapid Refill Ink, which uses franchising to spread its gospel. The chain expects to have 250 stores sold by the beginning of 2005, offering its customers a chance to save 40 to 70 percent on toner cartridges while keeping empty, petroleum-based cartridges out of landfills. Says White: “I wanted to get into something that people could say, maybe this guy

made a little contribution here.”

It’s an assessment that Martha Hawkins agrees with completely. “Food brings people together,” she says. “This is more than just a restaurant. It’s a meeting place, a melting pot for black and white. I wanted people to have the feeling that they were eating at my home, that we were all part of Montgomery.”

It’s a lot to ask of a cornbread muffin. But it’s a worthwhile result.

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