

Business & Law

B-Corp Law Firms Combine Doing Well With Doing Good

By Mary Pat Gallagher

Law firms that want to highlight their commitment not just to making money but to making the world a better place have been joining the “B list” — the roll of U.S. companies certified as “B corporations” for their social and environmental responsibility.

Falcon & Singer, with offices in Montvale and Scarsdale, is the first law firm in New Jersey and the second in New York to be added to a list that includes firms from California, Arizona, Ohio and Vermont.

The “B” stands for “benefit,” and certification requires meeting standards of performance, accountability and transparency that are set by B Lab, the Wayne, Pa., nonprofit that has been doing the certifying since 2005.

B Lab boasts there are now 760 certified B Corps from 27 countries and 60 industries working toward the goal of “redefining success in business,” including King Arthur Flour, Patagonia, Seventh Generation and Ben & Jerry’s.

B Lab’s website says: “B Corp certification is to sustainable business what Fair Trade certification is to coffee or USDA Organic certification is to milk.”

Falcon & Singer partner Douglas Singer says the firm sought certification “because the values that B corps have are values that we share as a law firm in terms of commitment to the community, social responsibility and our employees.”

For example, the firm provides free educational programs for parents on planning for special needs children and guardianship, areas in which it has an

extensive practice.

It partnered with the Northern New Jersey Rotary Club and a school for special needs children to launch an internship program for students. One came to the Montvale office twice a week over the past year and other businesses are now getting involved, says Singer.

The firm also scored points with its flexible working arrangements for mothers with children, both lawyers and nonlawyers.

Singer compares certification to the Good Housekeeping Seal of Approval. “By becoming a B corp, we get recognized for what we do, so it’s clear to the outside world that it’s not just words,” says Singer.

He also hopes that it will attract like-minded clients in the same way that being certified as minority or woman-owned firm can be a selling point.

Perlman & Perlman in May 2011 became the first New York firm to be certified, and Nancy Israel, the marketing and human resources director, believes it has brought in business. It “provides legitimacy for our prospective clients that we do not just talk the talk, but also walk the walk,” she says.

Israel says a big factor in securing “B” status was the firm’s client list, which she estimates is comprised of 90 percent nonprofits or social enterprises. Among them are the ASPCA, Children’s Aid Society, Lawyers’ Committee for Civil Rights Under Law, National Breast Cancer Coalition and the New York Philharmonic.

The firm’s motto is “empowering our clients to change the world.”

She says B Lab’s certification criteria set benchmarks for the firm in employee and other matters, “standards to live up to or aspire to.”

What It Takes

Would-be “Bs” must fill out an assessment form that inquires into such topics as how transparent and accountable the company is, how it interacts with the community — an area that encompasses environmental practices — and how it treats employees on matters like compensation, benefits and flexible work-

ing arrangements. Some supporting documentation is needed, too.

It takes 80 points out of a possible 200 to qualify. Companies must repeat the process every two years and are subject to the possibility of a random on-site audit.

B Lab encourages certified businesses to go a step further by seeking legal designation as a benefit corporation, which is available in 17 states thus far.

Maryland, in 2010, was the first to adopt a benefit corporation law and Oregon became the most recent earlier this month. In Delaware, a measure approved by the legislature will be signed into law at a July 17 ceremony.

New Jersey was the fourth state to authorize benefit corporations in a bill that took effect on March 1, 2011, the day Gov. Chris Christie signed it.

Under the N.J. law, amending the certificate of incorporation is all it takes to either become a benefit corporation or to stop being one.

Companies must designate a benefit director and a benefit officer and file an annual report on how well they have done in providing a public benefit.

No law firm has thus far sought benefit corporation status, although HigherLegal, a Los Angeles-based lawyer referral service, obtained it earlier this year.

William Clark, of Drinker Biddle & Reath in Philadelphia, has worked with B Lab and legislators around the country in drafting benefit-corporation bills. He says many law firms, especially larger ones, are partnerships or LLCs that cannot avail themselves of the designation.

The annual report requirement is to prevent “green washing” by companies that want to use benefit status as a mere marketing ploy, Clark says.

A key advantage of being a benefit corporation is that it can shield directors when the company engages in socially beneficial activities that run contrary to the corporate paradigm of maximizing shareholder returns, he says.

Clark sees it as easier in some ways for law firms to meet social responsibility criteria because they tend to be stable employers who provide good benefits and do not operate production facilities that can create problems with pollution or use of raw materials. On the other hand, they can demonstrate social responsibility by such means as pro bono and recycling.

“It is important for law firms to be in synch with their clients, who want to know that you share their values,” Clark says.

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