Title: Social Change in the Age of Trump
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The Lane Report

Few doubt that Donald J. Trump's presidency will be both controversial and consequential.

Our new president takes office when the public is disillusioned, having lost faith in the political class and in government itself. While the fate of elites has been buoyed by globalization, technology and free trade, the middle class has been hollowed out, and too many others have been marginalized and left behind. Yet, Mr. Trump and those around him have already signaled their opposition to heightened corporate disclosure, efforts to reverse climate change, the promotion of sustainable energy, and the further advancement of women's and LGBTQ rights.

Still, some "impact investors"—those who actively allocate capital to investments that demonstrate positive environmental and social impact, alongside positive, market-rate, or even outsized financial returns—are heartened by Mr. Trump's $1 trillion commitment to create jobs and stimulate the economy by rebuilding the nation's crumbling infrastructure. Since his pledge to upgrade our aging roads, bridges and transportation hubs may not rely on direct federal spending, we're likely to see an investment tax credit costing $137 billion, but stimulating $1 trillion in private investment, a revenue-neutral strategy venture capitalist Wilbur Ross, Mr. Trump's nominee to run the Commerce Department, claims.

It's becoming increasingly clear that it will be left to socially conscious individuals and the business and investment communities to drive positive social change during Mr. Trump's term.

More and more consumers expect the companies they patronize to be good corporate citizens. And savvy investors understand that when they back companies that are accountable to all their stakeholders—not only their shareholders, but also their employees, their pensioners, their customers, their supply chains, their communities and the environment—they improve all our lives without necessarily giving up financial returns. My book, Profitable Socially Responsible Investing?, makes that evidence-based business case. And Advocacy Investing®, our affiliated investment advisory firm's proprietary approach to sustainable investing, follows suit by helping clients put their money profitably to work in a way that reflects their social and environmental concerns.

But investing in those companies whose policies and practices support diversity, human rights and respect for the environment is only the beginning. Shareholders also need to vote their proxies to encourage the most responsible companies to lead by example. And shareholders must organize into potent voting blocs to ensure that the ethical companies whose shares they own do even better.

Investors should also unite as sustainable capitalists and, with others who are like-minded, pursue a shared agenda, whether through the business community, through the capital markets, or through policymakers. Our sense of community will be restored only if we continue to fight for equal rights for those who have not yet secured them; full access to finance, health care, nutrition and education; and a real opportunity for the disaffected.

While investing in public companies can empower concerned citizens as agents of change, so does their support of mission-driven, private-sector and social-sector ventures.

Governments and nonprofit organizations everywhere have compassionately invested billions in social services, yet, wherever we look, we still face stubborn challenges in education, health care, poverty, unemployment, and the environment. Those challenges are tougher than ever: our nation has not yet recovered from unprecedented economic shocks, government spending is unsustainable, and charitable resources are inadequate to fund the deepening problems too many face. While historic public- and social-sector programming has positively impacted countless people, so, increasingly, have market-based business initiatives.

Alone and in combination with government and philanthropic efforts, business strategies are effectively addressing the most intractable of social problems. For-profit, social-purpose businesses are defining success in terms of both financial and social returns. Nonprofits are becoming entrepreneurial, supplementing charitable donations and government grants with revenue earned by the businesses they own and run, instrumentalities of mission in their own right. Progressive nonprofits are partnering with each other, and even with for-profits, breaking down cultural barriers, leveraging their competencies, and gaining economies of scale.

A growing number of passionate social entrepreneurs are helping fund the testing and development of business opportunities intended to drive positive social change. They are the "restless people," as journalist David Bornstein describes them, "so relentless in the pursuit of their visions that they will not give up until they have spread their ideas everywhere."

Many social entrepreneurs train and employ the disadvantaged and disabled. Others are disruptive innovators helping those populations access products and services previously unavailable to them.

While traditional businesses remain committed to their commercial imperative, more than ever, they, too, are intent on generating a demonstrable social or environmental impact. Together, mission-driven ventures and traditional business concerns are learning how to reach and sustain scaled social solutions.

Newly validated business models and entity forms that invite collaboration are emerging, including the low-profit limited liability company (L3C), which, by law, places mission above profits and facilitates foundation funding of charitable and educational businesses, and the benefit corporation, which requires its managers to make decisions not only to enrich its shareholders, but also for the good of society as a whole. Social impact bonds—futures contracts on social impact—provide long-term funds for promising social interventions, transfer risk to private capital markets, and tap into public coffers only when specific social benefits are achieved. Microfinance and microcredit are helping the poorest of the poor become self-sufficient business owners. And worker-owned co-operatives are converting the disenfranchised into self-reliant entrepreneurs.

Mission-driven ventures prize transparency and accountability. They fill a humanitarian vacuum left by government and charity, and they do so sustainably as only the private sector can.

As we enter the Age of Trump, I invite you to join forces with others who share your commitment to address the daunting social problems we continue to face—other socially conscious consumers, investors, and donors; nascent and seasoned social entrepreneurs; sustainability and supply chain managers of companies committed to partnering with mission-driven ventures; and nonprofit and foundation leaders. And I wish you and those you love a happy, healthy and successful 2017.

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