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 Business Leaders Get It.

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More Washington entrepreneurs start companies with social mission

Puget Sound Business Journal (Seattle) - by [Heidi Dietrich](#) Staff Writer

It's hard enough to keep a new company afloat, and even more so when you're also trying to make the world a better place.

A number of entrepreneurs are starting companies with social missions. Unlike nonprofits, these ventures are firmly focused on making money, but they see financial success as a way to do greater good.

"Our mission is to maximize profits so we can make a difference in the world," said Matt Albee, owner of Bainbridge Island-based **Eleven Winery**.

Some of the newer companies with do-good causes include Eleven Winery, Seattle-based **Front Seat**, and Bainbridge Island-based **Fair Trade Sports**, but those companies are far from alone. Other local companies include bottled water company **Athena Partners**, glass candle company **Glassybaby**, and clean water company **HaloSource**. Nationally, perhaps the best known brand with a social mission is **Newman's Own**, Paul Newman's food line, which has given more than \$265 million to charities during the past couple of decades.

Steve Brillling, executive director of the **Seattle University** Entrepreneurship Center, said he's seen a growing interest over the last decade in people interested in helping society through the business world.

"People are truly more concerned," Brillling said. "They want to make a profit at the same time as they make a difference."

Running a company with a social bent isn't without its challenges, however. When a charitable cause enters the equation, entrepreneurs must focus on more than the bottom line. Brillling said he wouldn't encourage a new company to take on a charitable cause right at the beginning, but would suggest that it reach profitability first.

"The first thing is you need a viable enterprise," Brillling said.

Entrepreneurs also must recognize that customers aren't always willing to pay for social good. Mike Mathieu, who creates civic-minded software projects through Front Seat, said his company has to limit the number of projects it takes on that don't produce substantial revenue.

"It's so easy to create social benefits, but it's harder to get people to pay for it," Mathieu said.

On the plus side, a social cause can help new companies market their product. Eleven Winery founder Matt Albee believes his new line of budget wines will stand out on the shelf because the product's proceeds will go to the nonprofit World Bicycle Relief.

Some companies developed social missions after several years in operation, while others created their identities around a cause. Mathieu founded Front Seat two years ago because he wanted to run a company that helped his community. Mathieu had sold his prior company, the online directory service **All-Star Directories**, which had no direct social mission.

"I realized I was not spending as much time in the past giving back to the community," Mathieu



said. “I still wanted to be a doer.”

Front Seat develops software that affects civic life. Walk Score, for instance, tells home buyers and real estate agents whether a particular piece of property is within walking distance to amenities. Another project, Obama CTO, let people give ideas on who Obama’s chief technology officer should be. Mathieu tackles numerous projects because he realizes not all will generate significant revenue.

“It’s much more difficult in the civic software space to place just one bet,” Mathieu said.

Another local entrepreneur, Scott James, also started his company with a social mission in mind. James spent the earlier part of his career in the high-tech world, but always grew envious of his social worker wife, Susan, and her ability to make a direct impact on people’s lives. When the couple’s first child was born, James decided to make a career move.

“I didn’t want to just tell my son that I’m a software evangelist,” James said. “I want to tell him I’m helping people.”

Two years ago, James founded Fair Trade Sports, a sporting equipment company that gives all after-tax profits to children’s charities. The company also supports child labor rights by buying sports balls that are made by adults earning fair wages.

Maintaining high social standards isn’t easy, as Fair Trade Sports must contend with lower profit margins than the competition because it pays more for labor.

“You can make it sustainable if you accept lower profits,” James said.

At Eleven Winery, Albee didn’t start with a cause in mind. Though the company first formed six years ago, he didn’t think of charity until he and his wife began having children. The couple decided they wanted to figure out a way to improve the world their two sons would inherit, but they didn’t particularly want to do anything as dramatic as move to Africa or join the **Peace Corps**.

“We figured the best way to contribute to the greater good was to harness the potential of the winery,” Albee said.

Albee will wait until the winery is profitable — which he expects to happen within the next year — before implementing his new business model. At that time, Albee plans to donate 100 percent of after-tax profits to charitable organizations, while setting aside a salary for himself. To that end, Eleven plans to start an affordable line of wine that could sell in large quantities in a supermarket. Eleven sells about 1,000 cases of high-end wine per year now, but Albee wants to reach several million cases.

“The real money in the wine business is in the low end,” Albee said. “That’s where the profits are.”

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