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# When missions collide: Lessons from hybrid organizations for sustaining a strong social mission



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A specialized therapeutic boarding school in Montana, Cocoon (a pseudonym), founded by two psychologists, was devoted to the rehabilitation of teenage girls who were rebellious beyond what parents could control. The girls were afflicted with various problems, such as acting out in unhealthy ways by running away, and engaging in drug and alcohol abuse or promiscuous sexual activities. Cocoon experienced considerable success. Applications increased as its reputation grew. Its successful social mission was based in large part on its narrow focus on a specific set of problems experienced by teenage girls. When they were approached by a private equity firm that wanted to take over the school, there came a point in which the founding psychologists grew tired of the school's management demands on issues such as solving personnel issues, marketing to educational consultants, and conducting financial accounting. A deal was reached, and the new manager visited the school and spoke to employees. He told them, "I am a therapist. My company is a for-profit business and we want to make money, but we also want to help families and we don't believe these two goals are mutually exclusive." He reassured employees that things would continue in pretty much the same way as before.

Within a few weeks however, new pressures were felt. To increase the top line income, more girls needed to be admitted. To increase admissions in the short term, girls with disorders that the school wasn't prepared to handle, such as eating disorders or self-harming behaviors, were admitted. The added diversity and severity of the disorders stretched the model on which therapy was based and seemed to dilute its effectiveness. New demands were also placed on the education function of the school because newly admitted girls' parents wanted different courses to meet different needs, some of which were outside the teachers' training. There was no budget for additional employees. Adding more girls to the

bedrooms reduced privacy, which brought up additional challenges for rehabilitation. The length of time to rehabilitate the girls increased, but that was compatible with the profit goal of the private equity firm. Employees uncomfortable with the new profit mission left over the next two years and were replaced with people unfamiliar with the previous rehabilitation focus. The school's distinctive therapeutic competence was compromised in order to increase the business numbers. The social mission of helping teenage girls was diminished by the business mission of making money.

AND1, the sports shoe company, was co-founded by Jay Coen Gilbert in 1993 as a triple bottom line enterprise with goals for profit, people, and planet. Charitable activities and sustainability were absolutely core to the company's business. The progressive company had a basketball court at the office, yoga classes, generous parental leave benefits, widely-shared ownership of the company, and 5 percent of its profits (around \$2 million) donated to local charities that focused on urban education and youth leadership development programs. In addition to their domestic focus, they worked closely with suppliers overseas to ensure high health and safety standards, fair wages, and professional development. By 2001, AND1 was the number 2 basketball shoe brand in the U.S. Around the same time, the company faced hard competition in a consolidating retail shoe industry. After experiencing a dip in sales, the company was confronted with their first round of employee layoffs. Not long after, the management team decided to put the company up for sale. In 2005, when the company was acquired by American Sporting Goods Inc., Gilbert was frustrated to see within months of the sale that the new owners took apart the triple bottom line approach that he had worked so hard to establish. Gilbert watched as many of the social and environmental programs that had been put into place, from employee non-financial

benefits and local community work, to overseas supplier development, were dismantled and the company began to focus almost solely on profit-driven goals.

These two examples show how fragile a social mission can be in a profit-seeking organization. Both examples also illustrate organizations that are part of the hybrid organization movement, in which a mission-driven therapeutic school took on a simultaneous profit-making approach to sustain themselves and a for-profit business with a strong social mission struggled through an acquisition. The term hybrid organization means pursuing both profit and social missions within a single organization, which can be a challenge for organization leaders.

The purpose of this article is to explore leader actions for keeping a social mission strong in the face of profit-making mindsets. The next section discusses the trend of organizations adopting simultaneous commercial and social goals. We continue with the inherent conflict of pursuing potentially mutually exclusive goals. Then, we summarize the evolution of hybrid-type organizations. The article concludes with strategies that organizations can use to find alignment and balance between social and commercial goals.

## THE HYBRID ORGANIZATION

The simultaneous pursuit of social and profit goals within the same organization has led to the new name: hybrid organizations. A hybrid organization can be defined as an organization that includes value systems and behaviors that represent two different sectors of society in order to address complex societal issues. A hybrid is a financially self-sufficient organization, like a business, which at the same time, also creates a positive impact on a social or environmental problem. Hybrid organizations make positive societal impact a stronger goal than a corporation's traditional philanthropic activities do.

A hybrid organization has characteristics that provide some competitive advantages, such as lower marketing costs due to mission awareness and buy-in by clients, improved productivity and increased opportunities for innovation, higher employee morale and retention, and strong talent recruitment. In a survey from 2012 conducted by the consulting company Towers Watson, which reached 60,000 employees at 50 companies around the world, companies

that invested more in the well-being of their employees had almost three times the operating margins of companies who invested the least. Research on Millennials, who now account for around 50 percent of the global workforce, shows that they look for jobs where they can align personal values with corporate values.

For example, the outdoor gear company, Cotopaxi, says that having a strong social mission has given them a solid advantage, especially as a start-up. First, the social mission is great for recruitment. A month after the company launched in 2014, they received over 300 job applications for a company with a total of 12 employees. Second, the company was warned against emphasizing social benefit at the beginning, because of the fear that investors would see the social mission as a liability. They went ahead with a prominent social mission and were able to raise \$9.5 million. The company sees this success in raising money as showing that top venture capitalists see a social mission as advantageous.

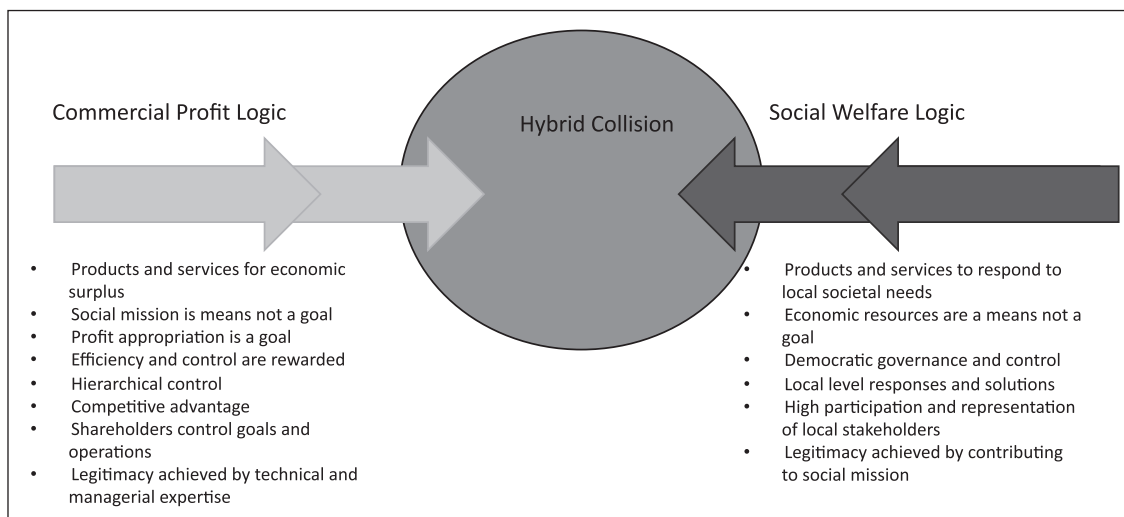
The pressure toward being both financially viable and socially responsible has pushed both for-profit companies and nonprofit organizations into a hybrid zone, what some are even calling a "hybridization movement", in which both social and financial value creation are situated as part of the core business. This movement into a more hybrid-like approach has taken different names, such as shared value approach, conscious capitalism, social entrepreneurship, benefit corporations, and B corporation certification, as explained in [Table 1: Key Terms](#). Although some specific parts of the approaches may vary, they all focus on companies creating something of financial value that also has a positive societal impact.

## THE HYBRID'S DEEP CONFLICT

These two missions—financial profit and social benefit—often produce deep conflict, a mission collision of sorts, within an organization. Below the surface of a company's twin missions, there are personal assumptions, beliefs, and values. These are also referred to as the "logics" that people use to give meaning to their daily lives. The notion of logics helps explain where deeply embedded conflicts come from because they reflect the beliefs and values and duties that people attach to work practices and purposes. The divide

**Table 1** Key Terms

Term	Definition
<i>B Corporation</i>	A private certification issued by B Lab. An assessment of accountability and transparency in social and environmental performance.
<i>Benefit corporation</i>	A legal for-profit entity that includes positive social or environmental goals in addition to profit-seeking goals.
<i>Bottom of the pyramid ventures</i>	Models of doing business by creating products or services for poorer populations.
<i>Conscious capitalism</i>	Include social and environmental issues both at a local and global level. Awareness of the impact of products and services on people and the environment.
<i>L3C – Low profit limited liability company</i>	A legal structure that allows for investment in socially responsible enterprises that are for-profit.
<i>Shared Value Approach</i>	Business practices that increase the competitiveness of a company and at the same time contribute to positive economic and social impact in the community.
<i>Social entrepreneurship</i>	Founding of a new business venture with the goal of tackling a specific societal problem.



**Figure 1** The Two Logics Embedded Within a Hybrid Organization

between social and profit logics typically runs deeper than traditional goal conflict do because of the core life values and beliefs involved. The values that created traditional goal conflicts between departments were typically acquired at work based on department affiliation, while the values that lead to conflict in a hybrid organization are typically brought to work as part of one's life values.

In the case of hybrid organizations that pursue commercial and social missions simultaneously, the two main logics at play are the commercial logic and the social welfare logic, which function with very different assumptions as illustrated in Fig. 1. The commercial logic focuses on selling products and services for economic gain or profit that can be distributed among shareholders. The obvious primary goal is profit while a social mission would be considered only a secondary means to that end. The structure of control is hierarchical with shareholders making the major decisions around goals and operations. In the logic of commerce, the legitimacy of a company is gained through technical and managerial expertise and efficiency. The commercial logic is taught in business schools and has a strong presence in the business community. A vivid example of commercial logic occurred when pharmaceutical firms came under criticism from customers and the U.S. government for charging high prices. A spokesperson for one firm defended the price increases with: "Our duty is to our shareholders and to maximize the value of products we sell."

On the other hand, the social welfare logic views products and services as merely a mechanism for responding to societal needs. Products and services are by no means primary. Economic resources, including profit, are used as a means to achieve a higher social goal, and are not a goal in themselves. The social logic involves the participation of local stakeholders. Governance in the social welfare logic is democratic. Legitimacy is achieved through contribution and commitment to the social mission. The social logic is partly captured in a quote by John Mackay of Whole Foods, "Just as people cannot live without eating, so a business cannot live without profits. But most people don't live to eat, and neither must businesses live just to make profits." Hybrid organizations are a nexus where two or more conflicting logics meet.

A recent study looked at loan officer hiring practices at a microfinance institution in Bolivia: BancoSol. Founded in the 1990s as an NGO, it then adapted its mission to be a commercial microfinance institution. When they began hiring employees to be a part of their new commercial structure, very few candidates had all the competencies necessary to be loan officers because the loan officer role involved both sides of the hybrid gulf. On one hand, loan officers needed to be able to evaluate potential borrowers' ability to repay the loan, determine the size of the loan, and collect on loans, all in line with a commercial banking logic. On the other hand, loan officers also needed to be able to interact with people from under-served populations, make regular visits to the communities, and speak local indigenous languages, activities more aligned with a social welfare logic.

BancoSol already had a foundation of employees—social workers, sociologists, and religious workers—who had extensive experience in the social mission. To fulfill the new mission as a commercial lending institution, BancoSol started hiring people with a background in finance, economics, and auditing to counterbalance the strong team that was socially focused. Although all employees went through a structured training program in the organization's mission and activities, a strong schism grew between the two groups of employees. Each side started blaming the other for issues that they felt developed inefficiency and lack of mission focus in the organization.

Dealing with the demands of opposing logics in the same organization and keeping them evenly balanced is a major challenge in hybrid organizations. These logics, both commercial and social, clash on a daily basis. Employees on both sides have their assumptions and principles, both believe their mission is a priority over the other, and yet they need each other to survive. Thus, employees who hold conflicting or even mutually exclusive social identities and values are working together within one organization.

A recent study looked at a natural food co-op in the United States called Natura and how the over 2000 members and employees managed their common identity as "members" while at the same time having a duality of values: idealistic (social justice and ethical products orientation) and

pragmatic (growth and product demand/profit orientation). All members saw the co-op as more than a grocery store; it was “a community.” However, despite the apparent shared beliefs, tensions arose between the idealistic and pragmatic goals. For example, the organization strived to be an “economically efficient business while concerns of quality for people are more important than profit.” Yet, two cliques began to form around each of these values and defensiveness arose between the groups. Some members aligned with economic efficiency and others aligned with quality for people. The members found that getting to a compromise was difficult because it meant compromising one’s own deeply held beliefs and identity. The opposing values were so deeply ingrained that compromising with the other side was almost like negating one’s own essence.

The ease with which these social goals can be overwhelmed by profit goals is illustrated by Ben & Jerry’s, the ice-cream manufacturer. Ben & Jerry’s was founded on strong social and environmental goals in 1978. Unilever acquired the company in 2000, and soon after, without consulting the independent board, ordered that many of the popular flavors, including Cherry Garcia, be changed: smaller chunks, more air, and changes in quality standards in ingredients. Ben & Jerry’s, an organization founded on a strong focus on employee wellbeing, was faced with the elimination of almost 200 positions between corporate headquarters and production facilities. Ben & Jerry’s was able to keep some of its values, and the founders had been quoted after the acquisition “[expressing] concerns that the company has shifted away from its original mission of social responsibility.” Many scoop shop owners noticed the change and protested. After receiving no response from Unilever, they started filing law suits. This continued until 2008 when the affected stakeholders were ready to take further action against Unilever and take the issue public. Ben and Jerry themselves were ready to launch a new flavor, “Unilever Squash”, to draw attention to the issue of Unilever changing the fundamentals of the company they founded. At this point, Unilever sat down with the board of Ben & Jerry’s and gave them the authority to continue focusing on its social goals. If the conflict had gone public, the brand could have lost its value. Unilever responded in the end to the pressure from important stakeholder groups.

## THE RISE OF HYBRIDS: FILLING A NEW NICHE

Historically, government agencies and nonprofit organizations tackled societal problems while corporations’ main social responsibility was to their shareholders. This division of societal labor made a nice distinction for clear organizational roles. Then, in the 1980s, nonprofits started seeking new ways to find funding, some of which were market-based. By selling goods or services, rather than depending on constantly soliciting donations, nonprofits could secure the financial resources needed to fulfill their social missions. At about the same time, the concept of social entrepreneurship arose. The idea behind social entrepreneurship was to start a business with a social purpose—the business side would support the social mission. In 1980, Bill Drayton founded Ashoka as a network of social entrepreneurs with ideas to create systemic social change.

In the social sector, even more emphasis on enterprising nonprofits and entrepreneurship continued to develop. Harvard Business School started the first academic program in the field with their course “Entrepreneurship in the Social Sector.” And in 1998, the National Center for Social Entrepreneurs organized the first National Gathering for Social Entrepreneurs (which later became the Social Enterprise Alliance).

In 2006, a group of three friends with extensive experience in the private sector wanting to use business to create a better world, started B Lab, a nonprofit that certifies companies as B Corporations. The B Corporation certification is a standard of social and environmental performance, accountability, and transparency. B Lab also influences law-making by pushing legislation for a new type of legal structure called benefit corporations – for-profit corporations that have high standards of social or environmental goals, transparency, and accountability. The benefit corporation was first passed into law in 2010 in Maryland and since then, 30 states in the U.S. have enacted it into state law. As a move toward creating another form of legal structure, Vermont was the first state to pass the L3C low-profit limited liability company as a legal structure in 2008. The L3C structure allows companies to focus on social or environmental missions while not maximizing income, allowing nonprofits, individuals, government entities, and private sector companies to invest in social enterprises. Many other states followed suit, creating similar legal frameworks for social enterprises.

Over in the private sector of for-profit corporations, the social responsibility of companies began to take on more importance with companies starting to be rated on their social and environmental performance. Stakeholder theory was introduced that made corporate morals and values part of general organizational management.

In the 2000s, businesses began to look for ways to fight poverty and to be sustainable. The Acumen Fund that invests in businesses that serve the poor was founded in 2001. In 2004, C.K. Prahalad published his book *Fortune at the Bottom of the Pyramid* about new business models for companies to offer products and services to the poorest populations as a way to simultaneously grow markets and fight poverty. In 2006, Muhammad Yunus won the Nobel Peace Prize for his social mission in microfinance with the Grameen Bank.

The shift toward social goals is also illustrated by other statements and actions. In 2005, Jeff Immelt, CEO of General Electric, stated that the company will focus on tackling environmental issues. In 2008, Clorox became the first mainstream consumer products manufacturer to open a non-synthetic cleaning products line after market research showed that customers perceive household cleaning products as the second biggest environmental concern. Procter & Gamble recently announced that it is building a windfarm in Texas that will power all of its home care and fabric products manufacturing plants in North America. Len Sauers, VP for global sustainability at P. & G., said, “People that use our products expect a company like P. & G. to be responsible.”

Some companies are incorporating new social or environmental missions into their business while other companies are founded with an intrinsic integration of social missions. These include microfinance organizations (Grameen Bank, Kiva), fair trade movement (Ben & Jerry’s, Starbucks, Runa),

social enterprises (TOMS shoes, Warby Parker), and companies implementing base of the pyramid ventures (d.light, SABMiller).

## TRADITIONAL HANDLING OF CONFLICTING GOALS

Goal conflict has been around a long time but new organizational interests in social outcomes have made these conflicts more intense. With the trend toward including social missions as a core part of the business model, companies are facing the challenges that come with keeping the social mission afloat alongside deeply held beliefs for profit and economic gain.

The resolution of conflicting goals received attention in long-established studies of organizations. Early research into decision making, known as the Carnegie model, argued that conflicting organizational goals among senior managers was natural and expected. The solution was considered political in nature. Managers would build a coalition in support of specific goals by soliciting opinions, working the hallways, negotiating, and developing support for a specific direction.

Research by Lawrence and Lorsch at Harvard found that major departments in manufacturing firms had different goals for achieving organizational success. An R&D department emphasized goals of new developments and near perfect quality. A typical sales department, by contrast, thought the organization could succeed with its goals of immediate customer satisfaction. Manufacturing departments developed an approach to organizational success that emphasized efficiency over perfection or quick reactions.

Solutions to the goal conflicts found by Lawrence and Lorsch were structural. The idea was to assign roles to integrate the differing goal orientations. Assigning a liaison person, such as brand manager, project manager, or coordinator would facilitate information sharing and compromise across major departments to balance and achieve goals. Task forces or teams with members from different departments could also be used to work out goal differences. A matrix structure was perhaps the strongest effort to resolve goal differences among departments.

These departmental goal differences could typically be resolved in favor of the organization's higher purpose, which was often framed in terms of growth and profit. In recent years, however, with the appearance of new organizational hybrid forms, the conflict inherent within social versus profit goals has become more pronounced in organizations and even more deeply embedded within employee's value systems. Hence, it has also become more difficult to resolve.

## WHAT SUCCESSFUL HYBRIDS CAN TEACH LEADERS ABOUT SUSTAINING THE SOCIAL MISSION

With more and more companies managing social and environmental missions alongside financial ones, organizational leaders are learning to put clear strategies in place to gain balance and alignment. Here are some examples of successful implementation strategies:

## Employee Buy-in to the Social Mission is Crucial

The Container Store, a specialty retailer selling storage and organizing products, is a strong proponent of conscious capitalism. CEO Kip Tindell sees conscious capitalism as "the best way to make money." The organization gains buy-in to its social values by paying employees well and treating them with respect, as well as by engaging suppliers and customers as family. They call their business model, "Business without tradeoffs." They offer employees competitive stock options and train them on the foundational principles of the company. Leaders are transparent to their employees about company finances. Employees feel very connected to The Container Store and company turnover is low compared to the industry average. Always thinking about employee buy-in, Tindell renamed Valentine's Day to "We Love our Employees Day" and managers gave gifts to employees to show that love. "I enjoy making money for myself and the people around me. I'm not saying this is the only way to make money. I'm saying this is the best way," says Tindell, showing how he sees creating benefit for all (employees, customers, suppliers) as the best way to create value for the company.

Many employees, especially younger ones, are looking for jobs where they feel the work is meaningful and goes beyond just making money. The website Change.org, a petition tool for campaigns and causes, sees that employees want work that is meaningful, a workplace where they can grow professionally, and to be surrounded by people they can learn from. Change.org leaders believe that a hybrid organization can offer those non-monetary benefits to employees. They get employee buy-in by hiring sympathetic people and then providing their employees with incentives that can take the form of "lifestyle" investments: flexibility to dictate their own work and work/life balance initiatives (e.g. gym memberships, theater sponsorships).

King Arthur Flour Company, a baking goods and ingredients supplier, has made worker well-being a priority for buy-in of their social mission. Their offices have on-site exercise equipment, offer paid volunteer time for employees, and have a wall full of baking tools to borrow for use at home. An employee-owned company, King Arthur Flour sees profit in their bottom line but not more so than people and the planet. Company leaders decided that there is more at stake in their core values than solely maximizing shareholder wealth.

## Keep the Vision Alive in the Minds of Key Stakeholders

The challenge for leaders is to drive the vision into the awareness of stakeholders. Employees, investors, and customers all want to know what the company stands for and where it is going. With a clear vision that incorporates the dual logics of the organization, each constituency group can feel that their needs are being met and that the organization makes managing dual missions a priority.

Leaders can voice the vision in various ways. One aspect of a clear vision is an authentic story for customers and employees. Patagonia, the outdoor clothing and gear company, has extended the idea of an authentic story with their Worn Wear campaign where they tell customers, "Don't buy this

jacket.” Worn Wear started in 2013 to encourage customers to keep their clothes in circulation longer and out of landfills. Patagonia repairs clothing and also asks customers to repair their own. Patagonia has a website for the campaign called “Worn Wear – The Stories We Wear” where customers can submit photos of their worn Patagonia items with a description of where it has been, what memories it sparks, and what story it has to tell. This way, not only does Patagonia have its own authentic story linked to its mission and vision, but its customers’ stories are weaved in as well.

Whole Foods Market, the supermarket chain specializing in organic products, has a social mission of changing the way the world eats, considering many public health problems such as cancer and heart disease are affected by what we eat. The mission is based on CEO John Mackey’s personal vision and experience in the 1970s believing that “the co-op movement was the best way to reform capitalism because it was based on cooperation instead of competition.” He says that he “thought [he] could create a better store than any of the co-ops [he] belonged to, and decided to become an entrepreneur to prove it.” For Mackey, “making high profits is the means to the end of fulfilling Whole Foods’ core business mission. We want to improve the health and well-being of everyone on the planet through higher-quality foods and better nutrition, and we can’t fulfill this mission unless we are highly profitable.”

One way the company delivers the vision to customers for how people eat is through their own employees. Employees are immersed in healthy living in order to be messengers for the mission. Whole Foods pays for 400 employees a year to attend a retreat for seven days with the goal of improving their health. Employees have financial incentives to score well on health assessments. To help employees influence customers, the company implemented a rating system to highlight the healthiest foods available. Whole Foods keeps the vision alive with their customers by using employees to communicate the vision.

### **Be Selective About the Companies You Work with Both Upstream and Downstream**

One of the interesting findings in organizational research is that organizations tend to develop “institutional similarity” with their significant partners in the same population or value chain. Although the number of hybrid organizations is growing, many of the companies pursuing dual missions are still in the periphery trying to gain market share. They will face subtle pressure to mimic the companies’ systems and values with which they do significant business. Hybrid organization leaders should have a clear focus on whom they work with including customers, suppliers, and employees.

A good example is Ben & Jerry’s, whose founders have always felt strongly about its values. They saw their new business as an opportunity to work closely with customers and suppliers who aligned with or would be influenced to share Ben & Jerry’s social mission. One of the founders said, “We knew we were never going to get 100 percent market share anyway, so we felt it was better to build these very strong bonds with people over shared values.” One way they implemented the shared values approach was by encouraging their suppliers to become more transparent about their social

and environmental agenda and missions. Choosing like-minded suppliers helped them maintain their value-driven approach.

Another approach toward selectivity is to fill a small niche in the market. CommonBond, a student loan refinancing and consolidation firm, in order to make the buy-one-give-one model work, has focused on a very selective, low-risk segment of graduate students. This enables the organization to be able to fund education programs abroad. Just like TOMS shoes donates one pair of shoes to a person in need for every pair of shoes sold, CommonBond finances one year of education for a student in need in South Africa for every degree financed through the organization. CommonBond has been able to show that the student loan industry can have a social mission that makes the brand unique. The founders’ goal was to make the student loan process more straightforward and transparent by developing a digital platform that works as a marketplace where compatible student customers and investors each gain value, accessing loans for their education and earning financial return, respectively. The company offers interest rates lower than federal rates by targeting more creditworthy graduate degrees such as business administration to enable the returns to support their give-away program. The smaller niche of low-risk loans to like-minded students from like-minded investors lets the company focus on its social mission.

### **A Few Key Employees with a Balanced Mindset can Work Wonders**

Since hybrid organizations are a relatively new phenomenon, the pool of employees experienced enough to help maintain the balance is relatively limited. The microfinance bank BancoSol mentioned earlier tried to achieve balance by hiring or promoting experienced loan officers from the finance or social welfare sides to help integrate the dual missions. This approach failed because the mindsets of employees were too strongly identified with one perspective and their decisions favored the previous logic with which they were affiliated.

One strategy to deal equally with dual logics is to hire employees with less experience with either mission; this is effective because these individuals do not identify so fully with one mission. This type of employee can be trained in balancing the dual logics operating within the organization. While the training costs tend to be high with this strategy, it has the advantage of molding employees in the organization’s overall goal and vision.

For example, another microfinance institution in Bolivia, Los Andes, adopted this approach when it came to hiring loan officers. The leadership thought that rather than hiring people with either social or banking experience, they could more easily socialize people with little or no work experience into the blended logics that existed at the organization. Previously, loan officers who identified with the mission of financial profit saw enormous risk in making loans and stayed distant from the needs of people who applied for loans. Loan officers who identified with the social mission were close to the loan applicants and wanted to make loans without considering the institution’s financial health. Los Andes prioritized learning on the job above technical expertise when hiring new employees and dedicated significant resources to

the balanced training program. The leadership stated that only a long-term perspective would ensure the ability to blend the social and banking logics at the organization. This perspective allowed the organization to create a common and balanced identity among the loan officers and their managers.

### Choose the Right Legal Structure

Companies in the U.S. can now incorporate (or re-incorporate) with a legal structure that recognizes social and environmental missions as equally important as financial goals. A benefit corporation, now legalized in 30 states in the U.S., is a for-profit entity that specifies positive societal and environmental impact as well as profit in its legally defined goals. The purpose of a benefit corporation is to create public benefit in terms of a positive material impact on society and the environment. A benefit corporation can choose to prioritize a social or environmental goal over financial benefit and not be at risk of being sued by shareholders. The benefit corporation allows companies to make the social mission a priority in the long-term by locking it into the legal structure of the organization. To become a benefit corporation, the company must include in its charter specifically what it is doing to aid the public and society. The possibility of having a legal structure that protects non-financial goals is something that would have helped AND1 shoes, described earlier, maintain its social programs that were dismantled after it was sold. Another option is the L3C Low profit limited liability company where the organization can emphasize social goals with low profit.

Kickstarter, the popular crowdfunding platform for startups, reincorporated this year as a benefit corporation. The co-founders, Yancey Strickler and Perry Chen, want to ensure that the profit logic does not overwhelm the social mission of the platform, thereby enabling novel and creative projects to be funded into the future. In addition to this mission, the company donates five percent of its profit to arts and equality causes. The co-founders are clear on their vision of rejecting the idea of Kickstarter being acquired or going public because they do not want to put the organization in a position where decisions are made that are not in line with both missions of the company.

Other companies, such as Patagonia and Plum Organics, are on the same track. Patagonia's leadership has the desire to continue building a hybrid company that can last one

hundred years. They want to continue to be mission-oriented even through succession, changes in ownership, and capital raising. One strategy they have put in place is becoming a benefit corporation that gives a legal standing to the important social and environmental goals. Patagonia's founder Yvon Chouinard stated that through this framework, they can "stay mission driven... by institutionalizing the values, culture processes, and high standards put in place by founding entrepreneurs." Plum Organics, one of the leading providers of organic baby and child nutrition products, reinforced its image as a responsible company by reincorporating as a benefit corporation to strengthen its social mission of fighting child hunger. The rise of hybrid organizations, benefit corporations, and B Corps is a clear signal that the idea that corporations exist only to maximize profit is gradually changing.

### CONCLUSION

The hybridization movement of combining social and profit missions has filled a new niche in society with organizations that can sustain themselves like a business while meeting a social or environmental need. The dual missions in a single organization offer many benefits and one distinct challenge—balancing dual missions that are based on opposite principles and logics. These logics are represented in employee beliefs about the importance of financial discipline and profit versus fulfilling a larger social service mission. People on each side see their own mission as a duty paramount to the other. Traditional means of goal conflict were not designed to handle the depth of these opposing principles, and the social mission is likely to whither in the face of a strong belief system that favors financial discipline and profit. Organization leaders who can gain employee buy-in for balancing the two missions, who can keep the dual missions alive in the minds of stakeholders, who select like-minded companies with which to do business, and who can place a few key balanced-minded employees will find it easier to maintain equal emphasis on the dual missions. Legal incorporation as a benefit corporation is probably a stronger and more permanent way to support a social mission. Otherwise, a social service mission can be kept alive and robust by leaders who are committed to dual missions despite the all too often preference for profit missions in the business community.





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