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## How Young New York City Businesses Mix Philanthropy and Profit



By [Serena Solomon](#) | September 4, 2014 7:47am

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NEW YORK CITY — Messi Gerami, 27, the owner of the NoHo-based ice tea company [Heart of Tea](#), had a lot to live up to.

Not only is he a fourth-generation tea maker, he also has the fourth in a line of family businesses committed to giving 30 percent of its annual profits to charity.

"It's what my dad did, my grandfather, my great grandfather did," said Gerami of his family members who help fund schools and hospitals in his native England. "It is a tradition of what others had done before me and I wanted to continue it."

In 2013, Heart of Tea's second year in business, the company donated \$10,000, with the majority going to the Lower East Side's [Bowery Mission](#). Each month, Gerami and his staff volunteer at the shelter and a graduate of the Bowery Mission recovery program has become a key Heart of Tea employee.

The company is one of many New York City businesses that have made philanthropic giving and other community-friendly practices a key part of the company DNA. Even small startups have devised ways to give away products or cash, to provide a living wage to employees or to minimize their environmental footprint.

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"I don't think we ever would have done this any other way," said Cindy VandenBosch, of her business, [Turnstile Tours](#). The small company is based in Windsor Terrace but conducts tours around the city, including one that explores the Brooklyn Navy Yard and another on food cart tours in Manhattan.

From its start in 2012, Turnstile Tours has donated a minimum of 5 percent of its gross sales to charities connected to its tours, such as the [Street Vendor Project](#), a nonprofit that supports food carts. Because of the historical nature of many of the tours, the business also donates its research, filling archives like those at the Brooklyn Navy Yard.

Turnstile's philanthropic efforts may appear to be an extra burden to add to the usual hardships of starting a small business — about 50 percent of businesses survive only five years, according to the [Small Business Administration](#) — but VandenBosch said "we factored it in from the beginning" and "that money is not ours."

Like other business owners interviewed by DNAinfo, Gerami said the business-with-heart approach creates a company culture of dedicated employees.

"Your company culture, your morals and how you build your company is the most important part of your success," he said.

While some businesses form as an LLC, by which it's possible to write their charitable efforts into their governing corporate documents, companies in New York state now have the option to incorporate as a benefit corporation.

The legislation passed in 2011 (27 other states [have passed](#) similar legislation) allowing companies with the status [to pursue philanthropic goals](#) as well as profits for their shareholders. A typical for-profit corporation has one goal: profit for shareholders.

The status offers legal protection to a company's philanthropic goals as investors are brought in and even if the company is sold, according to Doug Singer, a principal at the law firm [Falcon Singer](#). Benefit corporations are required to compile an annual report detailing progress in the philanthropic goals the company set for itself, Singer said. He added that there are yet to be any perks for a company that chooses the status in New York state.

Turnstile Tours was one of the first of [about two dozen companies](#) that are registered as a benefit corporation in New York State.

"We wanted to pioneer that and make something new," said VandenBosch. She originally toyed with idea of making Turnstile a nonprofit, but found a balance between profit and charitable giving with the benefit corporation status.

[IceStone](#), a 11-year-old Brooklyn-based company that manufactures surfaces for countertops from recycled glass, has LLC status, according to Sarah Corey, its director of marketing. The company's commitment to providing a living wage, benefits, a profit-share to all its 40 employees, and its environmentally sound products and production method are written into its governing corporate documents.

IceStone is also a [Certified B Corporation](#), a title given out by B Lab, a nonprofit that prompts businesses to have a "triple bottom line" with social, environmental and financial goals. Each year through B Lab, IceStone undergoes an independent audit of those goals in a [report](#) that is made public.

The [certification cost](#) ranges from \$500 for a company with less than \$5 million in annual sales and can run up to \$25,000 for those with more than \$100 million in sales each year, according to Katie Kerr, the communications manager for B Lab. B Lab is also a central advocate in the spread of the Benefit Corporation status across the country.

Despite being founded 11 years ago, IceStone has yet to make a profit after being buffeted by the recession and then a factory flood caused by Hurricane Sandy, according to Corey.

Balancing IceStone's public benefit goals with its fight for profitability is evident in everyday decisions across every department, like what type of pigment to color its products, Corey said.

"I think every person at IceStone is used to having those conversations," she said.

The owners of [Brooklyn Biltong](#), Ben and Emily van den Heever, had to tweak their giving aspirations early on in the business. Inspired by a one-for-one model employed by Tom's Shoes, which gives away a pair of shoes for every set that is purchased, the van den Heever's original goal was to donate a pack of biltong (a snack that's South Africa's answer to beef jerky) to Brooklyn's homeless for every pack they sold.

While the one-for-one plan proved unrealistic, each month Brooklyn Biltong gives away 10 percent of the company's product in biltong to [CHIPS](#), a Park Slope soup kitchen. This month, 10 pounds will be donated.

Despite the challenge of striking a balance between profitability and giving, Ben van den Heever, 30, said that the company's philanthropic efforts became a powerful motivator that has helped the business succeed.

"It is healthy for the business and it gives you that drive to keep going," said Ben van den Heever.