Low-Profit Limited Liability Companies (L3Cs): Competitiveness Implications

Nancy Artz, University of Southern Maine
John Sutherland, University of Southern Maine

EXECUTIVE SUMMARY

The low-profit limited liability company (L3C) is a new form of LLC designed to attract foundation funding for social enterprise. A review of the literature and case analysis of MOOMilkCo, L3C, LLC suggests that L3Cs are an appropriate and viable business structure for social entrepreneurial ventures. Despite the low-profit nature of L3Cs themselves, their creation generates profit-maximizing investment opportunities for suppliers and partners. While the full economic effects are not yet known, L3Cs appear likely to benefit society without limiting the free market’s ability to benefit individual investors and the overall economy, if certain safeguards exist.

Keywords: L3C, Social Enterprise, Corporate Social Responsibility, Economic Effect