Why It Pays to Become a Certified B Corporation

Making the Business Case for the B Impact Assessment
We are in an age of profound global challenges. The world has been turned upside down by the COVID-19 pandemic, and businesses and individuals are left picking up many of the pieces. What's more, even before the crisis, income inequality was at record levels around the globe and the climate crisis is reaching a point of no return. Debates about who is responsible and how to solve these challenges are ongoing, and as a result, progress feels stalled. Increasingly, many people feel that businesses have a strong role to play in turning the tide. In 2019, the Business Roundtable changed its statement on the purpose of the corporation to encourage business to be more stakeholder-driven, and Larry Fink, CEO of global investment giant Blackrock, encouraged investors to factor environmental, social and governance factors into their decisions. In fact, purpose-driven business is on the rise around the world. Consumers reward companies that align with their values—according to Forrester Research in 2018, seven in 10 millennials and 52% of all online U.S. adults “consider company values when making a purchase.” Additionally, employees are gravitating toward businesses where they feel they can make a difference. In 2018, the Harvard Business Review found that nine out of 10 people would be willing to earn less in order to work a purposeful job.

My forthcoming book, Better Business: How the B Corp Movement Is Remaking Capitalism takes a look at the growth of business as a force for good, specifically focusing on the B Corp movement and why B Corps are a compelling model for the future of sustainable capitalism. B Corps, which must meet high social and environmental standards to attain and retain certification, are standing up as global leaders for other businesses to follow in addressing the challenges we all face. The B Corp movement is the most important social movement you’ve (maybe) never heard of.
Why It Pays to Become a Certified B Corporation

One major reason B Corps stand out is the certification process they go through. To become a B Corp, a company’s operations are rigorously assessed with the B Impact Assessment (BIA), a free, confidential assessment tool developed by the nonprofit B Lab to measure a company’s social and environmental impact. The BIA is a holistic assessment of a company’s operations, organized into the five areas of governance, workers, community, environment and consumers. A verified minimum score of 80 points through the BIA is required for a company to become certified as a B Corp. Recertification is required every three years to maintain B Corp status, which means the company must update its score to match any changes at the company and/or within the new version of the BIA.

But it is important to note that all companies, not just B Corps can use the BIA to help transform their businesses. The BIA has become an important factor for impact investors to consider when supporting a company and is also a useful tool for B Corps to promote supplier engagement. It is a powerful tool to “measure what matters most: the ability of a business to not only generate returns, but also to create value for its customers, employees, community, and the environment.” Manufacturing companies are using the BIA to measure the impact of their suppliers. Investment firms are using it as an alternative method to evaluate their investments.

Below are some examples from the research I did for Better Business of how the BIA is transforming the business landscape. These benefits are based on my interviews with the founders, managers and frontline employees from many of the leading B Corps and other businesses I talked with. It clarifies why the BIA is important, and how companies can benefit from it.
A Brief Introduction to the B Impact Assessment

The first version of BIA was created on an Excel spreadsheet by the B Lab founders in 2006, synthesizing the best practices in socially responsible business from Ben Cohen and Mal Warwick’s *Values-Driven Business: How to Change the World, Make Money, and Have Fun*, Betsy Power’s work with Natural Capital Institute, and the Global Reporting Initiative (GRI) reporting guidelines. A group of 19 companies became the first B Corps, certified in June 2007.

As of 2020, there are about 200 questions that assess companies work on the five topic areas. While some questions are based on policies and practices, questions related to specific outcomes are more heavily weighted. For example, while a company would get points for having a formal recycling policy, it would get more for having a zero-carbon footprint. The assessment a company takes is determined by its industry, size, and geography.

An independent Standards Advisory Council (SAC) manages the BIA. A new version of the BIA is released every three years with improvements and tweaks based on participant responses and research. As of 2020, B Lab has Regional Advisory Groups in Latin America, East Africa, Australia and the U.K., which provide constructive feedback and recommendations on region-specific issues. Six expert Working Groups, including the most recent one — the Multinationals and Public Markets Advisory Council (MPMAC)—have been created to develop standards of the BIA for companies in different sectors.

As of 2020, the BIA has undergone six iterations. The latest —Version 6— was released in January 2019. More than 100,000 companies are using the BIA to measure their impact, and more than 3,000 of them are Certified B Corps.

The BIA and B Corp Certification

After completing the BIA online, a prospective company will undergo a multistep process to verify its BIA score with B Lab. The company must submit additional documents about its business model, and sometimes B Lab conducts on-site reviews. Every year, B Lab selects 10% of B Corps for these reviews. If the company’s score meets or exceeds the minimum required BIA score, it can become a Certified B Corporation. Recertification is required every three years in order to maintain the certification, which means B Corps are always updating their BIA scores using the most recently released version of BIA.
For many companies, going through the BIA helps the company uphold its stated values and identify areas of improvement. As Tal Dehtiar of B Corp Oliberté Limited put it: “Maintaining B Corp Certification through the B Impact Assessment is a powerful mechanism to help your company set goals for improvement, create more positive social and environmental impact, and track performance over time.”

Companies can review the process and requirements online. One of the biggest takeaways I had from researching B Corps and other socially focused businesses for *Better Business* is the many different types of value companies derive from the BIA process. As a tool explicitly designed to understand companies’ social and environmental performance, obviously it can help companies improve in those dimensions. But also, virtually everyone I interviewed said that using the BIA led them to understand and manage their entire business better. This is why I titled the book *Better Business*, because using the BIA and potentially becoming a B Corp is a way for companies to improve themselves in all dimensions.

### The Benefits of Using the B Impact Assessment

1. **A Way to Understand Your Company**

The standardized components within the BIA and the interactive assessment process of B Lab provide a holistic and systemic model for managing a business for the long run. The BIA helps companies not only identify sustainable and purposeful practices they have neglected, but also provides benchmarking information on what other similar companies are doing. A company’s BIA score gauges where a company is doing well and how well it is doing across the five different BIA areas. Overall, the BIA:

- assesses a company’s impact across five key dimensions
- provides a holistic approach to understand a business
- helps companies identify neglected practices

Below is a sampling of quotes on this theme from my interviews:

> "I'm a huge fan of the impact assessment because it's an amazing educational tool and one that you can iterate on over the years. ... It's a good barometer or temperature gauge for purpose and impact."

— Tim Masson, Chief Steward and CEO at Ian Martin Group, Certified B Corp since 2012
2. A Platform to Compare and Learn

The BIA online platform not only allows participants to compare their impact with their peers or companies in other sectors, but also provides them a place to learn about best practices. It offers customized solutions for companies to improve their impact. In addition, this comprehensive tool helps align the company’s social mission with every constituency of its business — its employees, customers, and suppliers. The BIA:

- is a platform to compare with and learn from others
- provides customized solutions for companies to improve their impact
- deepens a company’s commitment to its social mission

Below is a sampling of quotes on this theme from my interviews:
3. A Tool for Continuous Improvement and Deeper Engagement

A company can use the BIA to evaluate whether it has increased its impact or outcomes relative to its size. Its evolving standards help companies engage in continuous improvement on their impact and stay true to their social missions when the business grows or changes. For many traditional businesses, it also becomes a useful tool to drive impact deeper in supply chain management and help their suppliers improve.

The BIA:

- is a tool to track and drive continuous improvements
- promotes supplier engagement and improvement

Below lists a sampling of quotes on this theme from my interviews:

"The B Corp assessment is competitive in a nice way. The response choices are often laid out in a way that makes it easy to see if your answer leaves something to be desired or if you're performing at the top."

— Deana Becker, Director of Stakeholder Operations at Preserve, Certified B Corp since 2011

"It definitely got harder. We got really excited that we were able to see increases in our scores, but it was really interesting for me to begin to understand how we'd need to approach continuous improvement in order to be able to be reported out in the assessment."

— Rebecca Magee, Manager of Social Innovation & Entrepreneurship at Eileen Fisher, Certified B Corp since 2015

"We see the opportunity that we have more work to do. We have internal teams set up to track how we can improve in the short-term and long-term."

— Emily Allbritten, Manager of Strategic Initiatives at Athleta, Certified B Corp since 2018
Further Benefits When a Company Becomes a B Corp

Companies that choose to use the BIA to pursue B Corp certification see even more unique benefits. On top of the previously mentioned benefits, companies that achieve B Corp certification can expect the following advantages.

4. Transparency and Clarity

The B Corp certification process provides verification of corporate actions in accordance with corporate claims. The BIA score released by B Lab not only provides assurance that a company’s efforts, but the requirement of disclosure provides a visual into all these efforts and allows stakeholders to verify the purposeful efforts of the company themselves. B Corp certification helps stakeholders filter out potential “greenwashing” – where a company tries to appear more environmentally friendly than it actually is – through the BIA’s rigorous assessment processes and high standards. Being a B Corp:

- clarifies and verifies corporate social and environmental practices
- makes businesses’ social impact more substantive and evident to all stakeholders
- helps stakeholders identify which companies are or are not greenwashing

Below is a sampling of quotes on this theme from my interviews:

"Encouraging transparency in our supply chain through our certification enables us to create shared value opportunities that hold us all accountable to protecting the planet."
— Deanna Bratter, Senior Director of Public Benefit & Sustainable Development at Danone, Certified B Corp Since 2018

"Made lots of intangible things become much more tangible."
— Luke Fletcher, Partner at Bates Wells Braithwaite, Certified B Corp Since 2015
5. Customer Resonance and Product Differentiation

Millennials are willing to pay extra for products that account for the social and environmental issues across the world. The blend of for-profit and mission-driven design differentiates a B Corp from both conventional for-profit companies and nonprofit organizations and helps attract clients who share the company’s values. The universal B logo for companies that achieve certification builds a virtual brand for this innovative corporate form across industries. Being a B Corp:

- helps align a business with consumers beliefs and values, creating brand loyalty
- differentiates and distinguishes a company and its culture from others

The below display a sampling of quotes on this theme from my interviews:

“Consumers aren’t buying products for the purpose, they’re becoming more loyal to the brand and are willing to share positive sentiments with their friend, given that it’s a positively orientated and value aligned company with what they believe in. So we try to create this little halo effect after the customers purchased the product from us.”

— JOSEPH ZWILLINGER, CO-CEO AT ALLBIRDS, CERTIFIED B CORP SINCE 2016
6. Attracting the Best Talent and Driving Impacts Internally

B Corp certification provides a signal to potential job seekers that a company is committed to its social mission and its employees. When a new employee enters a B Corp and is immediately encouraged to participate in the company’s mission and uphold the company’s values, that person becomes invested in the company’s continued success. This helps to cultivate a positive workplace environment and reduce employee turnover. Being a B Corp

- is a signal that the company is committed to its employees
- attracts job applicants who hold similar values
- allows for a ‘values-fit’ between employees and the company’s social mission which leads to reduced turnover
Below is a sampling of quotes on this theme from my interviews:

"One of our big things is not worrying about retention, being like, 'If you love staying with us for the right reasons, stay with us, we love you,' but if your dream was to do something other than this, we need to help you do that, and we need to give you the training to get you out of here."
— John Pepper, Co-Founder and Chair at BoLoCo, Certified B Corp since 2016

"We’ve had so many more people come in through our recruiting process and mention one of the reasons why they applied to our company is because of our B Corp certification. The more people you bring in that have that passion and that mindset, you’re able to then bring those filters into the business."
— Emily Allbritten, Manager of Strategic Initiatives at Athleta, Certified B Corp since 2018

7. Opportunities for New Partnerships and Business

B Corp certification is an opportunity to experiment with integrating multiple goals in one business. The B Corp certification highlights the quality, responsibility and sustainability of a supplier to its purchasers. Likewise, it serves as a filter for companies that are selective with their supply chain and other partnerships. It also helps investors who value sustainability and/or want to screen negativity identify companies to invest in. Being a B Corp

- serves as a filter for companies when looking for partners
- helps attract sustainability focused investment

Below is a sampling of quotes on this theme from my interviews:

"We’ve been able to encourage new suppliers saying ‘Hey, have you ever thought of this B Corp concept?’ and we let them know that if you are a certified B Corp it would actually create a certain preference for us. It can be an influential role."
— Rob Michalak, Director of Social Mission at Ben & Jerry’s, Certified B Corp since 2012
8. Sustainability as a Whole

Thinking like a B Corp requires a holistic accounting for both internal and external efforts as well as both economic and non-economic factors. This means that B Corps consider all stakeholder’s voices. To maintain a B Corp status, a business has to commit to systemic integrity. In addition, the process of certification and recertification reinforces a B Corp’s commitment to its social mission and drives impact deeper into its supply chain management. Being a B Corp:

- provides a holistic view of business and its environment beyond the organization itself
- allows companies to follow a systemic approach to corporate responsibility

Below is a sampling of quotes on this theme from my interviews:

“Those who become B Corps are committed and show a level of commitment. And so, one of my main objectives this year is to align myself and partner with as many B Corps as possible.”
— John Pepper, Co-Founder and Chair at Bo-lo-co, Certified B Corp Since 2016

“If we’re purchasing gifts for employees, or if we’re looking for a vendor for, we’re going to be printing for t-shirts... it is helpful to go look on the B Lab’s website and see if there’s a B Corp doing it. It does all of that filtering for us. Having that B Corp certification filter is an easy way to go right to the companies that we know align with our values.”
— Rebecca Magee, Manager of Social Innovation & Entrepreneurship at Eileen Fisher, Certified B Corp Since 2015

“B Corp insists on a much more holistic and systemic perspective on corporate responsibility and the process of looking at corporate responsibility from that systemic perspective is really critical to making sure that there’s integrity to their seal, but also integrity in the way companies approach corporate responsibility.”
— Jeffrey Hollender, Founder at Seventh Generation, Certified B Corp Since 2007
9. Networking for Even Bigger Impact

Becoming a member of the B Corp community helps business owners and their employees reach like-minded companies through networking events. For small and medium sized companies, this network helps them share ideas and solve challenges together in the community. Additionally, this community serves as a platform for B Corp partnerships focused on promoting larger change in the world. B Corps have banded together to support each other and create heightened social good. Being a B Corp:

- allows for ideas and best practice sharing and mutual help in communities
- connects companies to B Corp advocacy and networking events
- fosters collective resolution to problems

Below is a sampling of quotes on this theme from my interviews:

"The B Corp community offers an immense amount of resources to help one another improve. Through webinars and in-person gatherings, the leading B Corps share in-depth strategies and lessons learned. It can be especially helpful when taking on dynamic new initiatives like D&I or Climate Action."

— Katie Wallace, Director of Social and Environmental Impact at New Belgium Brewing, Certified B Corp since 2013
"To me, it’s a platform to connect with like-minded businesses. If I have a question or if I had an idea or if I wanted to explore something, I wouldn’t have any hesitation about reaching out to a B Corp."

— KAREN COLBERG, CO-CEO OF KING ARTHUR FLOUR, CERTIFIED B CORP SINCE 2007

"The network and the support that B Corp companies give each other is amazing, because business isn’t always easy. That’s when you really need other good companies to lean on ... What we’re excited about for these networking events is sending our employees."

— JEN KIMMICH, CO-FOUNDER AND CEO AT THE ALCHEMIST, CERTIFIED B CORP SINCE 2017
Better Business
How the B Corp Movement Is Remaking Capitalism

Businesses have a big role to play in a capitalist society. They can tip the scales toward the benefit of the few, with toxic side effects for all; or they can guide us toward better, more equitable long-term solutions. Better Business tells the story of the rise of a new corporate form—the B Corporation. B Corps undergo a rigorous certification process, overseen by the non-profit B Lab, and commit to putting social benefits, the rights of workers, community impact, and environmental stewardship on equal footing with financial shareholders. Informed by over a decade of research and animated by interviews with the movement’s founders and leading figures, Better Business explores the rapid growth of companies choosing to certify as B Corps, both in the United States and internationally; and explains why the future of B Corporations is vital for us all.

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