

For many, 'B Corp' is good business

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Kyle Alspach

VC Editor - *Boston Business Journal*

[Email](#)

Cambridge health software startup Dimagi Inc. is clear in its mission statement what the company is about: impact, team satisfaction and profit — “generally in that order,” says company operations vice president Carter Powers. That made the company a natural fit for a new type of certification — as a “B Corporation” (or Benefit Corporation) — when it became available two years ago.

Spearheaded by Pennsylvania-based nonprofit B Lab, the B Corporation process aims to certify that a company is set up to benefit social and environmental good, not just returns for shareholders.

“Part of being B Corporation is saying the company is going to value its sustainability and impact in line with driving decisions toward profits,” Powers said.

Along with passing a review of corporate practices by B Lab, participating companies are expected to amend their corporate governing documents with language that says the management team will consider “social, economic, legal or other effects” on current or retired employees, suppliers and customers, and the communities and society in which the company operates.

Also to be considered: the short- and long-term effects of the company’s operations on the environment and the economy of the state, region and country.

It’s language that doesn’t have legal backing in Massachusetts, where 16 companies have received the certification, including Northampton wheelchair manufacturer Icon Wheelchairs, Roxbury-based merchant bank Next Street and Boston Fair Trade fashion company Autonomie Project.

However, in seven states — including New York, California and Vermont — laws have been passed that offer protection against shareholder lawsuits over giving weight to nonfinancial returns — a key goal of the B Corporation push. Legislation in four other states is pending, according to B Lab.

At Dimagi, which has developed community health care software for use on mobile phones in rural Africa and Asia, pledging to be accountable for more than just profits hasn’t been an issue with shareholders; most of the company, which saw \$2.5 million in revenue last year, is held by the company’s co-founders, Powers said.

But some B Corporations do have institutional shareholders, such as venture-backed Waltham firm Harvest Power Inc. The company operates 11 facilities around North America for turning organic waste into biogas — which can be converted into electricity, heat and natural gas — along with fertilizer. The company’s revenue run rate for 2012 is \$100 million, said CEO and co-founder [Paul Sellew](#).

Harvest Power announced certification as a B Corporation in January, which Sellew said was a result of both the company’s environmental and a recognition of the “interdependence we have with the communities we serve.” “I think ultimately it was an extension of our values,” he said.



W. Marc Bernsau

Paul Sellew’s Harvest power announced its certification as a B Corporation last month.

Harvest Power raised a \$58 million Series B round last year, and the company's venture backers include Generation Investment Management (co-founded by [Al Gore](#) and Goldman Sachs veteran [David Blood](#)), Kleiner, Perkins, Caufield & Byers and Waste Management.

Sellew said there was no pushback from shareholders about getting certified as a B Corporation. "Our people knew about it, and supported it," he said. Harvest Power, he added, "is focused on profitability as a business, and I don't think being a B Corporation contradicts that."

Along with environmental sustainability, economic sustainability is equally important for companies, Sellew said. "If a company does not make a profit, then ultimately you are not a sustainable business enterprise."

B Lab counts 517 U.S. companies among the ranks of B Corporation certified firms, which have \$2.9 billion in revenue combined. None of the companies are publicly traded, according to the organization.