

Certification Plus

By Amie Vaccaro and Celeste Reid

"B Corporation certification helps people tell the difference between good companies and just good marketing," according to Jay Coen Gilbert, a co-founder of B Lab (the nonprofit that administers the certification). Any company can market that it has a certified product, even if that product represents only a small fraction of its total revenues; only B Corporations can market that they are certified sustainable businesses. In just two years, the Certified B Corp community has grown to more than 200 businesses.

Saving Money. Raising Money.

More than 30 of these businesses are actually making money by becoming a Certified B Corp. In fact, B Corps collectively are saving more than \$600,000 annually in recognition of the high standards they've met to earn certification. The savings they capture through heavy discounts on Salesforce CRM systems, NetSuite enterprise software, and Inspire Commerce credit card processing, well exceeds their B Corp licensing fees. There are over 25 B Corp Service Partners like these and more in the works.

There is also a growing eco-system of investors interested in supporting B Corps. More than 25 financial services companies including venture capital firms, investment banks, wealth managers, and commercial banks have become Certified B Corporations themselves. And an increasing number of them are using the B Impact Rating System to assess the social and environmental impact of their portfolio companies.

Two new B Corps, Philadelphia's e3bank and RSF Capital Management in San Francisco, will require commercial loan customers to use the B Impact Rating System to assess their social and environmental performance. (e3 will require it of vendors too.) Both will use the assessment as an educational tool helping portfolio companies benchmark and improve their performance.

And both believe that companies with stronger performance are lower risk and might someday qualify for better terms.

B Lab has a similar deal in place with emerging social stock exchange Mission Markets. One large institutional investor involved with the Global Impact Investing Network (see "Impact Investing," p.17) is interested in creating a B Corp Fund, investing only in B Corporations.

There is already evidence of a marketplace forming. In the spring of 2008, Better World Books raised \$2.5 million in growth capital from fellow B Corp Good Capital, while TBL (another B Corp) invested more than \$1.8 million in B Corps Numi Tea and CleanFish. In early 2009 B Corp



Plum Organics was sold to The Nest Collective, a holding company for mission-driven food brands, which is itself exploring becoming a B Corp.

Building Relationships

Some B Corps use the certification to find suppliers and vendors that are mission aligned, says B Lab co-founder Bart Houlahan. This is particularly good for companies in the business service sector, and there are dozens of banks, law firms, design firms, marketing agencies and accountants on the B Corp roster.

"When we have an opportunity, we look first to the B Corp community for vendor support, to partner for initiatives, and to provide services," says Raphael Bemporad of marketing agency BBMG. That's because other B Corps tend to share BBMG's corporate values, making it easier for the companies to get down to business, without having to first explain why social and environmental concerns are important.

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—Raphael Bemporad, BBMG

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Atayne, a performance athletic apparel startup out of Portland, Maine is another example. According to founder Jeremy Litchfield, "We had design work to get done and I went straight to a fellow B Corp. There was no bidding process involved because I knew they understood where we're coming from." He says he intends to do the same for other services as well. "We will bring our business to fellow B Corps whenever we can."

Litchfield says B Corp has been useful in other ways too: his company completed the B Corp assessment within a few months of its first sale. While the B Corp logo appears on the company's hang tags and Web site, he says the company's B Corp certification has been a more important tool for establishing Atayne's company culture, including with its vendors.

Marketing Authenticity

"As consumers become educated, internal practices are now brand issues," says BBMG's Bemporad. "What the B Corp certification is doing is providing pathways for B Corps to connect brand promises to brand practices."

It's an important connection, and while high-profile members of the B Corp community—such as Seventh Generation, King Arthur Flour, Dansko, Method, and Numi Tea—are helping raise the visibility of the certification, B Lab is doing its part as well.

A recent issue of *BusinessWeek* profiled some of the "most promising social entrepreneurs," based on reader nominations and editorial staff assessment. B Lab nominated B Corps that were interested; three of the top five finalists were B Corps, and four others made it into the top 25.

According to some of the winning companies, the article helped them reach a wider audience, resulting in new customer leads, better brand recognition, and even additional job and internship applications. Such coverage may also help other member companies by raising the visibility of B Corp certification with other media outlets.

"B Corp is a central point for media and other attention, and [businesses] can leverage that," says Brett Galimidi, partner at B Corp SVT Group. TriplePundit, a blog about sustainable business, provides one example. The site runs a weekly "Startup Friday" feature, profiling promising young companies with a social and environmental bent. In a post about B Lab, contributor Mary Catherine O'Connor noted that in addition to B Lab itself, many of the companies B Lab certifies were notable startups as well and would likely become future Startup Friday profiles.

Even without significant spending on media, Coen Gilbert says B Corps have been covered in more than 50 publications, from mainstream business press such as NPR's Marketplace,

B Impact Rating System

Free online assessment of a company's impact on each of its stakeholders

● B Impact Assessment

- Comprehensive - Measures impact across all stakeholders
- Customized - Questions/weightings vary by company, size and industry
- Easy - 60-90 minutes to complete online

+ > 4,000 registered users

Sample from Impact Assessment

Section 1: Practices - Manufacturing Environmental Impact

Manufacturing Environmental Impact - Most Toxic Polluter Environmental Footprint

General (Policy/Auditing):

Does the company conduct a periodic Life Cycle Assessment of its products? Yes No

Does the company conduct an audit of all materials used in its product and manufacturing process? Yes No N/A

Inputs: Materials

Does the company conduct an audit of all materials and their toxicity? Yes No N/A

Is there a bi-annual per unit reduction of toxic materials, with a target of zero use? Yes No Already Maximized N/A

Has the % of post-consumer recycled materials in product (including packaging) increased bi-annually? Yes No Already Maximized N/A

Has the % of sustainable materials (100% naturally sourced and sustainably harvested/collected) in product (including packaging) been increased bi-annually? Yes No Already Maximized N/A

By what % has the product (including packaging) been source-reduced bi-annually? 0% 1 - 4% 5 - 9% 10%+ Don't Know N/A

Has the % of recyclable or biodegradable materials in product (including packaging) been increased bi-annually? Yes No Already Maximized N/A

Inputs: Water

Is water use for all company activities measured annually? Yes No N/A

Is there a bi-annual per unit reduction of water use? Yes No Already Maximized N/A

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Updates to the Rating System

Governed by independent Standards Board and Industry Working Groups

v1.0
June 2007

Based on the Global Reporting Initiative

● B Impact Report

- Comparable** - Across industry, geography and size
- Transparent** - Reports of all B Corps and weighting of all questions on bcorporation.net
- Dynamic** - New version every 2 years (v2.0 launch Jan. 2010)

+ B Corps score 28% higher than non-B Corps

Sample B Report



Certified
Corporation
bcorporation.net

the change we seek™

Sample B Report™ Last Updated: 08/08/10

XYZ Manufacturing, Inc.

+ Composite B Score: **81.3**

(750 out of 1000 is eligible for certification as a B Corporation)

	Points Earned	% Points Available
Environment	13.1	28%
Corporate Offices	9.1	49%
Transportation / Distribution	2.9	50%
Manufacturing Facilities	1.2	5%
Employees Area of Excellence*	31.7	75%
Compensation & Benefits	17.3	72%
Employee Ownership	7.4	77%
Work Environment	6.9	82%
Community	12.5	29%
Local	3.1	42%
Diversity / Broad Ownership	4.0	34%
Charity / Direct Service	5.5	23%
Consumers	19.3	40%
Beneficial Products / Services	0.0	0%
Beneficial Method of Production / Impact	19.3	100%
Serving those in Need	0.0	0%
Leadership	4.7	24%
Governance / Accountability	0.0	0%
Transparency / Reporting	0.4	13%
Fair Trade / Supplier Code of Conduct	4.3	44%
Total	81.3	41%

*100% score possible in an Area of Excellence

the Financial Times Inc., and *Entrepreneur* magazine to more niche publications such as *VegNews*, NRDC's *OnEarth* and the *Stanford Social Innovation Review*.

But B Lab wants to establish more formal media platforms as well. One example is its partnership, last fall, with *GOOD* magazine on a 32-page special issue, *GOOD Business*. According to Coen Gilbert, *GOOD* and B Lab are currently working on bringing back the idea in late 2009 with a stronger focus on sustained online content, building on the strength of the breadth of the B Corp community and the three well-received *GOOD Business* Web videos which were part of last year's launch.

B Lab is also set to launch its own blog, "The Change We Seek." The point of the blog is three-fold, according to Coen Gilbert: "First, to give voice to a growing community of businesses united by the high standards they have met; second, to give individual B Corps a platform to share their own stories; and third, through our partners such as *GOOD*, Fast Company and the 10 million member-consumer site Care2.com (also a B Corp), to increase our reach."

Community of Companies

Talk to B Corps themselves and one will find that this sense of belonging to a community resonates. The B Corporation community is collaborative, supportive and growing. B Lab uses email, Webinars and other social networking tools to foster discussion, welcome new companies to the community, and facilitate learning among B Corps.

The community is alerted to each new B Corp's story in a brief email, backed by the company's profile on bcorporation.net. Regular webinars allow B Corps to share business skills — such as sustainable technology solutions (presented by BetterWorld Telecom) and treasury management principals and tools (presented by ShoreBank)—and there's also a lively e-mail listserv, where B Corps pose questions and struggles and find advice and suggestions from like-minded peers. Recent conversations have ranged from how to evaluate different financing opportunities for growing a startup to how to strengthen your company in a recession.

Sara Olsen, founding partner of SVT Group (one of the B Corps profiled in *BusinessWeek*), says "First and foremost, it has been empowering. I feel a sense of solidarity with what they are trying to do." Her words echo those of BBMG's Bemporad, who says the main benefit of being a B Corp "is that it has allowed BBMG a chance to connect with a community of peers that are thinking really differently about how to innovate and re-imagine our ways of doing business. That can drive dramatic transformation in delivering on the triple bottom line." It doesn't hurt that they're both saving money too. @

v2.0
January 2010

Includes Financial Services and Building Industry Addenda

v3.0
January 2012

Including new industry addenda and portfolio ratings