

Making It Your Mission

Is the complicated B Corp process to become a better corporate citizen worth it?

THREE YEARS AGO, Emily Lonigro Boylan feared her business was circling the drain. She'd started her user-experience design firm, LimeRed Studio, with the intention of working with socially minded startups and nonprofits. "I wasn't selling aircraft to Iran in my last job, but selling stuff to just sell stuff felt like garbage," she says. "I wanted something more mission-based."

But trying to do right by her employees, give back to the community, and attract socially conscious clients—while managing to keep the lights on—proved difficult. Then in 2014, one of her largest clients scaled back its budget. "We were hemorrhaging money," she says. "I was banging my head against a wall."

A colleague suggested she seek out B Corporation status. Since 2007, the Wayne, Pennsylvania-based nonprofit B Lab has been certifying for-profit companies that want to hold themselves accountable to sustainable business practices. Unlike benefit corporations (a type of incorporation legally recognized by 33 states), B Corps get audited and rated by B Lab, with reevaluations every two years. "You're legally baking into your business your responsibility to all stakeholders, not just shareholders," says Abi Barnes, author of the report "An Entrepreneur's Guide to Certified B Corporations and Benefit Corporations."

Boylan decided to take the plunge. "I got hardcore about the B Corp guidelines," she says, and by the end of 2015, her business had moved back into the black. Entrepreneurs like Boylan—whose company has now joined with 2,000 others, including Warby Parker and Etsy—are finding that the rigor required to become a B Corp is worth the sweat. —KATE ROCKWOOD



Build a Do-Good Machine

Initially, Boylan worried that the B Corp paperwork slog wouldn't yield a real payoff for her floundering startup. But as she worked her way through the self-assessment and began tweaking how she ran the business—putting together an incentive structure for employees, letting go of clients that didn't align with LimeRed's values—revenue rose.



Work the New Network

When Heath Shackleford was debating whether to expand the head count at his Los Angeles-based marketing agency, Good Must Grow, one of his first stops was a closed networking group for B Corp business owners. "There were several other entrepreneurs in exactly my same situation, and we were able to compare notes and help each other sort through a very complicated issue," he says. Danielle Dietz-LiVolsi, founder of million-dollar nut-butter line NuttZo, says now when she talks to vendors and distributors, their eyes light up. "B Corp means something to the buyers at Whole Foods, because they know the process inside and out," she says.



Flaunt It for Funding

For years, B Corp certification was rumored to hurt a startup's ability to attract investors, but recent

deals have debunked this theory: San Francisco-based education company Altschool has raised \$170 million from venture capitalists, and Data.world, an Austin-based tech startup, recently closed \$19 million in Series B funding. "With B Corp certification, investors can see that I'm not just some hippie with a bleeding heart; I'm driven by business solutions," says Ian Rosenberger, founder of Pittsburgh-based Thread International, a recycled fabric company that has raised more than \$4 million in VC funding. "Over time, these brands outperform their peers—and investors see that as an opportunity."



Hook Talent

According to a 2016 survey by Cone Communications, two-thirds of Millennials won't take a job if the potential employer doesn't have strong corporate social responsibility. "B Corp certification shows we live the values they espouse—and that attracts very strong candidates across engineering, customer service, or account management," says Randy Paynter, founder of social networking site Care2. At LimeRed Studio, Boylan considers recruitment the number one benefit of being certified. "Talent acquisition and retention is extremely expensive, and tech talent can be hard to find," she says. "But now that I'm certified, the top candidates seek me out."

Competing With a Triple Bottom Line

B Corp-certified companies are proving to be as competitive as their rivals



2,200

The number of certified companies globally, spanning 50 countries.

SOURCE: B LAB



Consumer products giant Unilever has acquired three B Corps, including Ben & Jerry's, Seventh Generation, and organic tea company Pukka Herbs.





Illustration by **RICHARD MIA**

ANATOMY OF AN ASSESSMENT

TOYING WITH THE IDEA OF BECOMING A B CORP? WHAT YOU CAN EXPECT

CALCULATE YOUR BASELINE

To get certified, your business has to earn at least 80 points out of a possible 200, spread across five stakeholder areas: workers, governance, community, environment, and customers. The B Impact self-assessment takes several hours—unless the questions make you want to implement immediate changes. “It took me three months to hit Submit, because I kept stopping—‘Oh, I should create an employee incentive program and a formal handbook,’ and ‘Oh, I should look at my vendors to see which are giving back to their communities,’” says LimeRed Studio’s Emily Lonigro Boylan.

PREPARE FOR TOUGH QUESTIONS

If you meet initial eligibility requirements, B Lab conducts an assessment call and asks you to upload supporting documentation. During the review, you’ll also have a chance to go over any confusing or difficult questions. “They’re asking hard questions and asking for proof. But if you get certified, it actually means something,” says Heath Shackleford, founder of the marketing agency Good Must Grow.

GET TRANSPARENT

After the review, you may be asked to submit even more documentation—particularly around how your business model creates social impact. B Lab may scour the web for any skeletons in the closet—looking at public records, news sources, and social media. You may also be asked to confidentially disclose any sensitive info, like fines from the past. Each year, 10 percent of companies are selected randomly for an (even more) in-depth review.

CHANGE THE CHARTER

Certification—which can cost from \$500 to \$50,000 a year, according to author Abi Barnes—requires your company’s governing documents to reflect your new purpose.

SET A TIMER

Congrats on being B Corp certified! Now mark your calendar for two years out, because you’ll have to go through the process biennially to stay certified.

6

The number of B Corps that are now publicly traded firms, including Laureate Education and Etsy.

SOURCE: B LAB



Billionaire Jeff Skoll’s B Corp-certified Capricorn Investment Group invested \$150 million in impact-oriented startups this year.

SOURCE: CRUNCHBASE



63%

The greater likelihood a B Corp-certified company had survived the Great Recession as compared with other businesses

SOURCE: B LAB