

THE B CORP MOVEMENT REDEFINES THE ROLE OF BUSINESS

BENEFIT VS. PROFIT



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If you're ready to go from being the best company *of* your community to being the best thing *for* your community, you're on your way to transforming your business into a B Corp. Thousands of companies from around the world have already joined this movement that aims to redefine business success.

B CORPORATION • SOCIAL COMPANY •
SOCIAL CORPORATE RESPONSIBILITY •
ENVIRONMENTAL IMPACT

What do Unilever, Danone, Natura and Triodos Bank have in common? All of them share values with the B Corporation¹ community, a movement that questions some principles of the current economic system and proposes a more human and sustainable vision of capitalism.

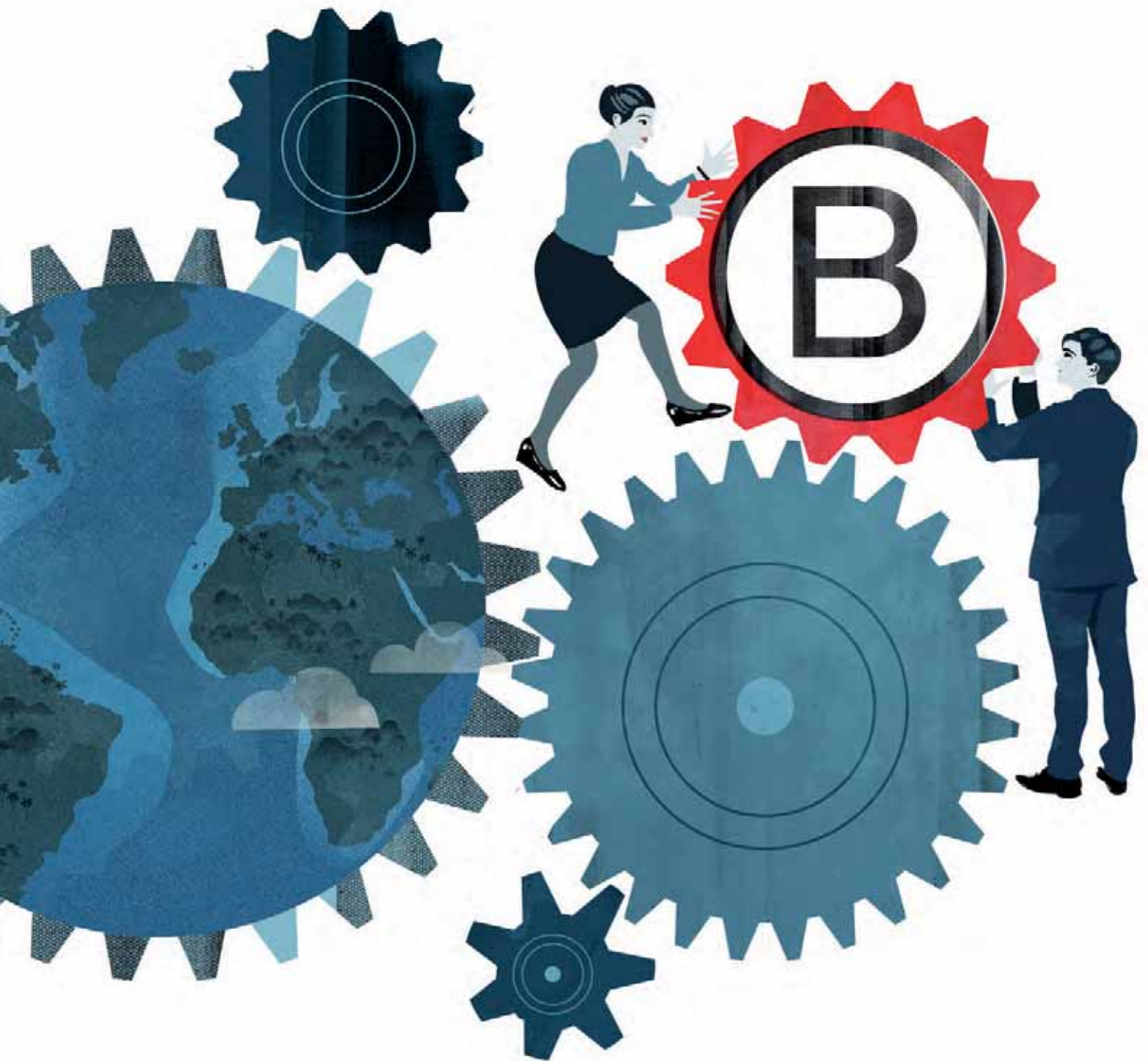
Let's focus on the two food industry multinationals. In the case of Unilever, CEO **Paul Polman** champions the idea that companies should create not only shareholder value, but also social value. He explains, "The B Corp movement is a crucial step in the turn toward a more inclusive, purposeful economy, which is unquestionably necessary." Since the company implemented its Unilever Sustainable Plan, the company's brands that adhere to it most closely have enjoyed above-average sales growth. One of these brands is Ben & Jerry's, a certified B Corp company noted for its social activism and environmental commitment. Danone's leader is also concerned with his company's purpose. CEO **Emmanuel Faber** is part of the B Corp Advisory Board, and together, they have created an alliance for measuring and monitoring the project's social impact.

B Corp's appearance and rapid growth at the global scale are symp-

toms of a changeable economic, political and social environment that raises fundamental issues not easily addressed by conventional business models. Traditional corporate social responsibility – focused on supporting charity projects outside the core business – has been questioned for years by academics, workers and consumers. In its place, more and more companies are modifying their practices in production, taxes and human resources so that their work can benefit the largest number of stakeholders possible. Take, for example, the recent outcry over tech giants who pay taxes for European sales in Ireland or Luxembourg instead of where sales are made. Or the plea for the textile industry to audit companies at all stages of the production chain. These changes not only affect public awareness but also business structures, and therefore company activities.

In recent years, emerging concepts, strategies and methods have pushed companies toward more holistic models of responsibility. New ideas include the triple bottom line (which aims to measure the economic, social and environmental impact of the company), shared





value (which emphasizes the joint creation of economic and social value, that is, of shareholder and stakeholder value), and the Global Reporting Initiative (which provides standards for measuring the impact of corruption, human rights abuses, and climate change). These are just a few in an expanding set of tools available for companies – big and small – that want to go one step further in redefining the concept of success in

their organizations. In this context, B Corp certification is a hallmark for companies committed to having a positive impact on society.

HOW DID THE B CORP MOVEMENT BEGIN?

- Born in the United States in
- 2006, the B Lab Foundation created the Certified B Corp Seal as a way to give an edge to socially and environmentally friendly com-

panies. Certification creates a collective voice and an opportunity for social companies to claim their “authenticity” in contrast to their more traditional competitors. Companies must meet three requirements in order to be B Lab certified: 1) meet high social, environmental and community standards; 2) have company statutes that state the purpose of generating a benefit for the whole of society; and 3) accept higher levels

MOST YOUNG PEOPLE SHOW GREATER TRUST AND LOYALTY TOWARD COMPANIES THAT SUPPORT POLICIES WITH A SOCIAL IMPACT

of transparency. Additionally, the B Lab Foundation itself is promoting the creation of the legal structure of Benefit Corporation in the United States (and other similar ones, such as the Community Interest Companies in the United Kingdom and the Società Benefit in Italy) in order to grant the movement even greater legitimacy and create a juridical and legal framework for companies that are managed according to these principles.

Ultimately, the B Corp movement attracts a growing number of companies that, instead of orienting their objectives exclusively toward maximizing value for the shareholder, create business models with the purpose of also generating a positive impact on society.

Today, about 2,000 companies from more than 50 countries belong to the movement. One example is the outdoor clothing and accessories company Patagonia, whose mission statement makes its intentions clear: "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis." Others, such as the Brazilian cosmetics company Natura, are recognized for their commitment to local communities and the preservation of biodiversity in the Amazon. Other examples are the civic activism platform Change.org; the ethical Triodos Bank; and

Kickstarter, the crowdfunding website for social projects.

After expanding across all five continents, B Corp has recently arrived in Spain, where more than 20 companies have already joined the community. Among others, the following companies have received B Corp certification: Cuento de Luz, a children's publishing company that promotes universal values among young readers; La Casa de Carlota, a design firm made up of people with autism and Down syndrome; People Who, a patient platform where users share information about overcoming their illnesses; and Veritas, the organic supermarket chain. **Silvio Elías**, Veritas' managing director, states, "B Corp provides us with tools to help us improve and stay on the path toward a more sustainable world."

THE VALUE OF BEING A B CORP

● As we explained above, the B Corp movement aims to redefine the concept of business success, questioning the idea that the only goal is to maximize outcomes for its shareholders (profit) and promoting instead the goal of maximizing value for society (benefit).

Becoming part of the B Corp community involves keeping two main commitments. First, B Corp companies measure their social impact through demanding standards that are laid out in the B Impact Assessment.² This tool evaluates not only the purpose and impact of the business model, but also operational areas such as corporate governance, professionals, the community and the environment. Companies must obtain a minimum score to join the B Corp community, and one advantage is that the test standardizes the criteria for measuring social impact across sectors.

The B Corp Seal helps companies that go beyond mere talk about responsibility and sustainability differentiate themselves from the competition. Test results are public and anyone interested in B Corp companies can review them. Also,

WHY BECOME A B CORP BUSINESS?

- * **Differentiation:** stand out from the competition with certified proof of an organization's social and environmental commitment.
- * **Mission-lock:** protect a company's founding mission so that shareholders and managers stay on the same page.
- * **Investment:** attract investors interested in positive social impact, in addition to financial profitability.
- * **Talent:** attract and retain employees who want to work for more than the bottom line.
- * **Alliances:** promote strategic relationships with customers, suppliers and partners who share a similar vision.

because the test is free and open to any company, many businesses use it as a guideline for improving their management and boosting their social impact. **Matt Stinchcom**, VP of Values & Impact at Etsy, highlights the rigor of this evaluation tool: “The B Corp evaluation process distinguishes companies that truly are doing something useful from those that only say they are.”

Second, the social mission of certified B Corp companies must include generating a significant positive impact on society and the environment, including a commitment to bear in mind the triple impact of its activities (economic, social and environmental). Companies clearly state that their mission is to generate value for different groups linked to the organization, including not only shareholders, but also workers, consumers, local communities, and even future generations. Incorporating these elements into the company’s social statutes makes it possible to protect the company’s activities and mission, ensuring continuity in the face of management changes and helping to specify the interests of various stakeholders. Starting with the leadership and permeating the entire organization, the B Corp culture leads a company to approach decision-making with an eye on both profits for shareholders and benefits for society.

Belonging to the B Corp movement means standing out from other companies, which can help attract new talent, consumers and investors. Growing numbers of young professionals and consumers express interest in companies whose values and missions are aligned with their own. According to the “2016 Deloitte Millennial Survey: Winning over the next generation of leaders,” most young people show greater trust and loyalty and a higher desire to purchase from companies that support policies with a social impact. At the same time, B Corp companies can attract impact investment – that is, investment centered on generating economic and social

value in the long term. According to J.P. Morgan and the Rockefeller Foundation, impact investment currently moves a volume of more than 60 billion dollars, and forecasts oscillate between 400 billion and a trillion for 2020.

A PROMISING FUTURE

● The classic approach to business has monopolized – and, to some extent, oversimplified – our view of business’s social objective. However, we are currently experiencing a sea change, in which companies are coming to play a more significant role, and society itself is increasingly demanding that they participate in economic and social development.

According to the results of the “2016 Edelman Trust Barometer,” the largest international study that analyzes people’s trust in institutions, 80 percent of people polled believe that companies should focus not only on profits, but also on social and economic improvements in the communities where they operate. In this same line, studies by Nielsen and BBMG indicate that more than 65 percent of consumers take into account not only the product, but also the company, in making purchasing decisions. They show moreover that customers are willing to pay more for products from businesses with a positive social impact.

This trend represents a great opportunity for companies that know how to adapt. The B Corp movement combines the efforts of companies interested in using the power of business and the market to solve social and environmental problems, thus generating not only economic profits but also community benefits. **Timothy Lara**, CEO of the B Corp company Hawaiian Paddle Sports, sums it all up: “When we became a B Corp company, we went from being the best company *in* our community to being the best thing *for* our community.” If this view continues to spread, we have a promising future ahead of us, in which companies will be positive agents of social change.

COMPANIES NEED TO FOCUS NOT ONLY ON PROFITS, BUT ALSO ON THE SOCIAL AND ECONOMIC GROWTH OF THE COMMUNITIES WHERE THEY OPERATE

REFERENCES:

- 1) www.bcorporation.net and www.benefitcorp.net
- 2) www.bimpectassessment.net

MORE INFORMATION:

Declaration of Interdependence:
www.sistemab.org/ingles/b-corp/interdependency-declaration