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Better Business

**How the B Corp Movement
is Remaking Capitalism**

Teaching Note



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Overview

The structure of our global economic systems gives great benefits to the wealthy while many others struggle to afford basic necessities. Today's students are the next generation of leaders and many are looking to reinvent capitalism to be more humane and sustainable. *Better Business* helps students understand how a system with a greater focus on stakeholders is the way to do just that.

The book focuses on the B Corp movement that was started in 2006 by US non-profit B Lab and has subsequently spread around the world. At the center of B Lab's work is a rigorous assessment called the B Impact Assessment (BIA) whereby companies certify their environmental and social performance to become a Certified B Corporation. Furthermore, key to the B Lab mission was creating a new corporate form—the benefit corporation— a legal structure that places social benefits and the rights of workers, the community, and the environment on equal footing with financial shareholders. This legal innovation has been adopted by over 35 US states and many countries such as Italy, Colombia and Ecuador. While the number of B Corps, and benefit corporations, has grown tremendously over the last decade, the book focuses on how the bigger impact of the movement is that B Lab's tools and processes can be used by all companies.

Better Business investigates how by rigorously orienting businesses to effectively address all stakeholders, we can develop a more sustainable economic system. The first section lays the conceptual foundation of the book and addresses the purpose of capitalism and the need for change. The second section outlines the development of B Lab's key innovations to do just that, including the BIA and benefit corporation laws. The third topic addressed in *Better Business* focuses on how companies can better manage different stakeholder interdependencies such as with investors, employees, and local and global communities. The final section focuses on widening the funnel of the movement to include a broader set of players through the expansion of the B Lab tools to all companies, engagement of large multinationals and how as consumers, we all can play a greater role in the development of a sustainable economy.*

* I appreciate the help of Shiyang Fan, Nikki Hensley, Fangmei Lu, Kunyuan Qiao and Effie Sapuridis in developing this teaching note.

Topic 1 (Introduction and Chapter 1): What is the Purpose of Capitalism?

Section Objectives

Introduction

- Understand the driving forces and core values of the B Corporation movement.
- Identify the differentiating factors between B Corporations and other certifications such as fair trade.
- Explain the overarching changes required to redefine capitalism and shareholder primacy.

Chapter 1

- Understand how modern capitalism became what it is today, who it benefits and who it harms.
- Debunk the myths of shareholder primacy and know how they can affect a business's outlook, and how they can be overcome.
- Understand how B Lab and the Benefit Corporation structure were created and how this kind of model can keep companies accountable.

Section Summary

The introduction and first chapter of *Better Business* address the purpose of capitalism and the need for change. The introduction outlines the world we live in and the ways that corporations are hurting our local communities and the environment. The B Corp movement, started by Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy who pursued successful business careers, recognized the need to change the current system. They questioned capitalism as we know it after being unhappy with how investors and the law dictate profit first. Why couldn't businesses protect and enrich the lives of their employees in addition to improving profits? Why couldn't they

focus more on helping their local communities? Why couldn't they commit to environmental responsibility as a core principle?

Students looking to redefine capitalism will ask themselves similar questions as they're introduced to the B Corp movement and other ways to change our current system. Students should work to identify the three key components of the B Corp movement, why they are necessary and the conflict that's begun to emerge between traditional businesses and businesses focused on sustainability. Finally, the impact of millennials and Gen Z is examined as they will soon make up a large majority of the workforce and their priorities are not aligned with traditional businesses. Furthermore, Chapter 1 explains the systemic issues prevalent in our current capitalist system – a shareholder primacy system. This chapter looks at the roots of traditional capitalism and then explains how to disrupt and reshape capitalism to create a stronger impact economy.

Discussion Prompts

Intro

- What is a corporation and how/why has its definition changed over time?
- How did capitalism evolve to what we know it as today? What are the problems with our current capitalist systems and the role of corporations? Please list some issues you see as the most pressing, e.g., environmental, social, and others.
- Do you think we need to change the meaning/purpose of modern corporations and why? If not, why not? What role should the private sector and business play for sustainability?
- What is an externality and should companies be responsible for its outcome? Are current approaches based on economic theory effective? Why and why not?
- How does the concept of universal owners affect whether firms should or should not pursue socially responsible outcomes?
- What is the B Corporation movement and how can it make a difference? How does it compare to other 'green' or sustainable certifications like Fair Trade, USDA Organic, LEED, etc.?
- What would an inclusive economy and new capitalism look like to you?
- Discuss the role of millennials and other younger generations on the current market and on the future market.

Chapter 1

- Why should we focus on interdependencies rather than externalities? What are the greatest challenges of a system based on interdependency?
- What is shareholder primacy and three important myths associated with it? In your opinion, is one of the myths more problematic than the rest?
- What are problems with shareholder primacy and what are some ways to improve upon shareholder primacy?

Go Further

- **Articles:**
 - Milton Friedman, "[The Social Responsibility of Business is to Increase its Profits](#)," *The New York Times*, September 13, 1970,
 - McGregor, Jena (2013) – "Creating a Class of 'Do Good' Companies," *Washington Post*
 - Nace, Ted (2005) – *Gangs of America: The Rise of Corporate Power and the Disabling of Democracy*, Chapter 7: Superpowers
 - Marco Rubio, [American Investment in the 21st Century](#), Washington, DC: Office of Senator Marco Rubio, May 15, 2019: 3-4.
 - Stout, L. A. (2012). *The shareholder value myth: How putting shareholders first harms investors, corporations, and the public*. Berrett-Koehler Publishers. Chapter 3: How Shareholder Primacy Gets Corporate Economics Wrong
 - Strine, Jr., Leo E. (2015) "The Dangers of Denial: The Need for a Clear-eyed Understanding of the Power and Accountability Structure Established by the Delaware General Corporation Law," *Wake Forest Law Review* 50 (3): 761-794
 - Trucost Plc, [Natural Capital at Risk: The Top 100 Externalities of Business](#). London, UK: Trucost Plc, April 2013, accessed September 17, 2019,
 - Elizabeth Warren, "[Companies Shouldn't Be Accountable Only to Shareholders](#)," *The Wall Street Journal*, August 14, 2018,
- **Videos:**
 - [President Clinton Talks B Corps](#) (1:59 mins, Aug 2, 2012). Former US President Bill Clinton talked about the significance of shared value in B Corps and highlighted the stakeholders' value in place of shareholders' value for corporate America.

Topic 2: Making the Shift from Shareholder to Stakeholder Capitalism

The foundational topic addressed in *Better Business* is institutional change and is laid out in these chapters. Chapter 2 sets the scene for the revolution taking place, introducing the founders of B Lab and recounts their first days. Chapter 3 highlights the importance of accountability, transparency, and standards; without which businesses cannot understand and act on their interdependencies with the wider world. It includes an exploration of B Lab's assessment tool—the BIA—whereby companies certify their environmental, social, and governance performance to become Certified B Corporations. Chapter 4 takes a look at governance – the key to widespread change – and examines how the benefit corporation, a legal status that recognizes a company's interdependencies that is sweeping the nation and the globe. This topic enables students to understand how companies can work toward creating widespread institutional change through B Lab's model.

Chapter 2: Interdependence Day

Chapter Objectives

- Explain the three key pillars B Lab was founded upon and the reasons each of these pillars is important to the movement.
- Understand the greatest concerns with establishing a new impact-driven foundation for businesses.
- Understand the main components of B Lab's Declaration of Interdependence.

Chapter Summary

Chapter 2 opens with a discussion of the three founders of B Lab and some of the pivotal moments from their personal lives and prior work that led them to have the desire to “leverage the power of business as a force for good.” The three things they decided upon to allow the market to work better included a set of standards that provides transparency to key stakeholders, a legal

framework for sustainability-driven companies, and a collective voice to define what it means to be a good business. These three factors are the basis of B Lab and the B Corp movement. It was critical that they developed a framework for companies and not simply another mission-driven business in order to have the greatest impact and have a movement that can be scaled.

Discussion Prompts

- Why was each of the three key pillars important to building the movement? How can these pillars translate to your career?
- How did the founders' experiences at AND1 and otherwise lead to B Lab's creation? What were the main motivators to develop such a movement instead of going to work for a sustainability-driven business?
- What are existing sustainability-focused efforts and why did B Lab's founders create B Lab rather than something else? E.g., what other forms of organization did they consider and what were the pros/cons?
- What are the main obstacles of building B Lab and scaling the B community?
- What do you find to be the most critical part of the B Lab's Declaration of Interdependence? Do you think any other components should be included/added?

Go Further

- Christopher Marquis, Andrew Klaber, Bobbi Thomason, (Sep 9, 2010). B Lab: Building a New Sector of the Economy. *Harvard Business School Case*, (411-047). [Revision Date: Sep 28, 2011]
- **Articles:**
 - Hamermesh, Larry, Bart Houlahan, Rick Alexander, and Dan Osusky. (2016) "A Conversation with B Lab." *Seattle University Law Review* 40 (2): 321-374.
 - Andrew Kassoy, "Reconciling Profit and Purpose: A Declaration of Interdependence," (Wealth & Giving Forum Seminar, New York, March, 2007)
- **Videos:**
 - Why Seventh Generation is a B Corp (4:47 mins, Apr 16, 2012),

Chapter 3: Putting the Spotlight on Interdependencies

Chapter Objectives:

- Discuss the differences between the B Impact Assessment (BIA) and other third-party certifications.
- Understand the general structure of the BIA and the topics it covers.
- Assess the key characteristics of B Labs founders that contributed to its success.
- Evaluate the role of interdependence on existing businesses and the impact it could have on the community.
- Identify the strengths and weaknesses of the BIA.

Chapter Summary:

A great challenge for the B Lab founders was to establish a set of standards and metrics to comprehensively measure impact and define a *good* company. To address this challenge B Lab created a robust suite of tools, including the B Impact Assessment which measures a company in categories such as employees, community, governance, environment, and more. B Lab has, in the last decade, created a multitude of ways for a company to properly assess itself, and its industry, while also offering investors opportunities to assess their portfolios and make strategic improvements. This chapter explores key questions such as: are B Corps at risk of alienating employees or partners with continuous measurement and reports? And what are the risks and benefits of joining this movement, particularly for those first B Corporations?

In the beginning, the founders felt that the B Corp movement would be limited if it were only accessible to only certain specific types of companies or entrepreneurs. In response, the B Lab team developed new metrics to include emerging markets, created a new technology platform and marketing strategy, partnered with various global organizations, and appealed to investors. Most notably, B Lab has recently been focused on adapting the BIA to fit large multinationals with subsidiaries. As of the version of the BIA released in 2019, changes have been made and new methods are in place to engage multinationals in the movement. Students can evaluate whether the inclusion of new markets and companies – from emerging markets to multinationals – will expand the movement to a global, mainstream scale. Consumers express distrust and suspicion

toward traditional CSR initiatives but GIIRS and the BIA effectively deter companies from “greenwashing” or faking their way on to the socially responsible business scene.

Discussion Prompts

- What are the advantages and disadvantages of frequent revisions to the BIA?
- What are the challenges for B Lab? As an investor, which tools would be helpful to understand your portfolio?
- Does B Lab provide an actionable model of success? How is success defined? What is the importance of transparency and accountability?
- How does B Corp certification differ between small businesses and large multinationals? How can each type of company benefit?
- How can we motivate companies and investors to think long-term (instead of short-term) and at a societal level (not just about their own profits)?
- What does being a B Corp mean for a company’s fiduciary duties and stakeholder responsibility? Should all stakeholders be equally influential in decision-making?
- Why become a B Corp? What are the forefront benefits and disadvantages?

Go Further

- Christopher Marquis, Matthew Lee, (Jun 2015). “B Lab: Can it scale business as a force for good?”, *Harvard Business School Case* (415-080).
- **Articles:**
 - Gehman, J., Grimes, M. G., & Cao, K. (2019). Why We Care about Certified B Corporations: From Valuing Growth to Certifying Values Practices. *Academy of Management Discoveries*, 5(1), 97-101.
 - Osusky, Dan. “Measuring Impact Versus Measuring Practices: How the B Impact Assessment’s Dual Objectives Require a Balance,” B the Change, November 15, 2018,
 - Marco Rubio, *American Investment in the 21st Century*, Washington, DC: Office

of Senator Marco Rubio, May 15, 2019: 3-4.

- Brest, P., & Levenson, G. (2014). B Lab and the Impact Assessment Evolution. *Stanford Graduate School of Business Case SM-220*.

- **Videos:**

- To B or not to B... A Guide to B Corps Certification. (58:53 mins, Apr 21, 2017). Yale Center for Business and the Environment, Patagonia, Inc.

Chapter 4: Getting the Law on the Stakeholders' Side

Chapter Objectives

- Recognize the similarities and differences between B Corp certification and benefit corporation status.
- Assess the advantages and challenges of benefit corporation status and how this varies by state.
- Understand the hesitations of lawmakers to pass benefit corporation legislation and the key players to overcome this skepticism.
- Evaluate the urgency to rapidly change current legislation.

Chapter Summary

Chapter four outlines the history of achieving legislative changes and the creation of the benefit corporation form. Why can't companies just become a certified B Corp and not become benefit corporations? What are the advantages of this legal status? B Lab's vision created a new form of corporation – a benefit corporation – which allows both business owners and investors to pursue their goals of building companies focused on the triple bottom line. This chapter also addresses why this change is necessary *now* and, in turn, why the move toward enacting benefit corporation legislation has accelerated quickly. The first legislation passed is compared with others that came after, specifically, Delaware.

It is clear that when companies work with the government, they can create an advantageous situation for all stakeholder groups. This chapter discusses how B Lab has approached, connected with, and collaborated with the key players in various states in order to pass and enact benefit corporation legislation, while also encouraging businesses to adopt the legislation. Additionally, they have created model legislation that can now be shared with other lawmakers and lobbyists. Benefit corporation legislation is now in place in over 35 of the United States and several countries worldwide including Italy, Colombia, Ecuador, and British Columbia. This legislation model requires elevated transparency including releasing a regular report and other processes that help companies work toward positive social and environmental impact.

Discussion Prompts

- Why can't companies just be B Corp certified? Why is benefit corporation status also necessary?
- What were some of the strengths and weaknesses of the benefit corporation approach?
- Is there a value in changing the law and what issues exist with current policy? E.g., constituency statutes provide discretion but not an obligation for directors' discretion, which might not be exercised.
- Why is it important or even necessary to get legal recognition for this form across all 50 US states? E.g., mission, capture, and funding.
- How did the B Lab founders persuade state legislations to take on benefit corporation legislation?
- What are the similarities and differences of B Corp and benefit corporations? Is one better than the other?
- What are the challenges that benefit corporation law is now facing?
- What was and can be done to expand this model internationally, and how much impact is made by doing so?
- How does this additional responsibility – to create public benefit – affect different types of businesses and business leaders?

Go Further

- **Articles:**

- Kanig, I. (2013). Sustainable Capitalism Through the Benefit Corporation: Enforcing the Procedural Duty of Consideration to Protect Non-Shareholder Interests. *Hastings Law Journal*, 64(3), 863-904.
- Holly Ensign-Barstow. [Holly's B Corp v. Benefit Corp Guide](#).
- Barnes A., Woulfe J., Worsham M. (2018). A Legislative Guide to Benefit Corporations, Patagonia, Inc., Vermont Law School, and The Yale Environmental Law Association.
- Ryan Honeyman. [What's the Difference Between Certified B Corps and Benefit Corps?](#) Triple Pundit, August 26, 2014.
- Jay Coen Gilbert, "[Sen. Elizabeth Warren, Republicans, CEOs & BlackRock's Fink Unite Around 'Accountable Capitalism,'](#)" *Forbes*, August 15, 2018,
- Lingenfelter, G., & Cohen, R. (2019). To B or not to B: Etsy's decision whether to re-incorporate as a public benefit corporation and maintain its B Lab certification. *The CASE Journal*.
- Strine, Jr., Leo E. (2015) "The Dangers of Denial: The Need for a Clear-eyed Understanding of the Power and Accountability Structure Established by the Delaware General Corporation Law," *Wake Forest Law Review* 50 (3): 761-794

- **Videos:**

- John Montgomery at TEDxLower East Side: [The benefit corporation - How conscious corporations succeed](#) (13:15 mins, Jan 11, 2014).

Topic 3: Managing Interdependencies

The third topic addressed in *Better Business* focuses on how companies can manage different stakeholder interdependencies. Chapter 5 offers an in-depth look at how investors have been changing—the birth of investing focused not just on financial returns, but also a business' social and environmental returns. In addition, this section explores the various techniques that B Lab has used to engage investors and measure the impact in the movement. Chapter 6 takes a close look at employees, workplace communities, and the ways that the B Corp movement has impacted worker's lives. Chapter 7 explores how the B Corp movement is improving and impacting local communities, mostly in the U.S., while Chapter 8 discusses the expansion of the movement to a global scale and investigates the networks that have expanded to connect the B Corp movement from one corner of the world to the other.

Chapter 5: Investing for Impact

Chapter Objectives:

- Evaluate the role of investors in social and environmental impact-focused businesses including the main pros and cons.
- Assess the challenges of overcoming investor hesitations in becoming a certified B Corp and recognized the tools that are most important to convey its impact.
- Understand how funding and investing differs depending on the type of company.

Chapter Summary:

Investors are key players in the B Corp story, and chapter five illustrates how the B Lab founders got them talking and thinking about corporate impact (community, environmental, societal) when deciding where to invest their money. This chapter explains the standards, tools, and systems B Lab created to help investors better assess companies. Students will have already evaluated the tools, standards, and systems in the earlier chapters. This chapter shows investors have increasingly used them as the landscape of impact investing as developed.

Through profiles of leading impact investors who have joined the movement and their investments, the challenges of social impact assessment becomes apparent. The discussion includes mainstream investors such as KKR and Kleiner Perkins and global leading impact investors such as San Francisco's RSF Capital Management, London-based Bridges Fund Management, and Netherlands-based Triodos Bank.

Discussion Prompts

- Discuss the history of engaging investors with the B Corp movement and why investors are a significant stakeholder group.
- What is impact investing? What is it not? What are the different types of impact investing?
- What are the challenges of social and environmental impact assessment? E.g., why is impact investing evaluation difficult? What existing tools can be used?
- What effects do measurement and analytics tools have on investors and companies? What improvements can they make to these tools? Be sure to address B Analytics.
- What are the pros and cons of investing in B Corps, i.e. what are the benefits and concerns of investors?
- How will the market value B Corps, especially public firms (e.g., Natura, Laureate) and subsidiaries of public and/or multinational firms (Unilever, Danone, etc.)?

Go Further

- **Articles:**
 - Bridges Ventures, (Sep 24, 2015). [To B or Not to B: An Investor's Guide to B Corps.](#)
 - Alex Buerkle, Max Storto, and Kylee Chang, [Just Good Business: An Investor's Guide to B Corps.](#) New Haven: The Yale Center for Business and the Environment, Patagonia, Inc., and Caprock, accessed September 17, 2019.
 - Jay Coen Gilbert, (Jan 9, 2019). [Allbirds' Reported Billion-Dollar Valuation: What Makes These Strange Birds Fly.](#) *Forbes*.
 - David Gelles, "[How the Social Mission of Ben & Jerry's Survived Being Gobbled Up.](#)" *The New York Times*, August 21, 2015,

- Keith Nunes, "[Danone's Social, Environmental Journey Continues](#)," *Baking Business*, April 12, 2018
- Saadia Madsbjerg, "[Bringing Scale to the Impact Investing Industry](#)," *The Rockefeller Foundation*, August 15, 2018,
- **Videos:**
 - [B Corp Anthem 2018](#) (1:56 mins, Apr 16, 2018).

Chapter 6: Employees as the Heart of a Company

Chapter Objectives:

- Understand the reasons why employees are more likely to want to work for B Corps and social businesses more generally.
- Describe the relationship between a company's mission and values with employee retention and engagement.
- Understand the importance of justice, equity diversity and inclusion (JEDI)
- Recognize the benefits of employee ownership models and its contrast to common models of the gig economy.

Chapter summary:

The B Corp community has the advantages of partnerships, networks, and the attraction and retention of employees. The benefits for employees of many B Corps may be unheard of in today's economy that valorizes gig workers. From Greyston Bakery's open hiring policy and the influence they have had on overlooked populations of their local community, to New Belgium Brewing's inspirational employee culture, this chapter illustrates the work of the B Corp community. When an employee feels involved and engaged with a company's social mission, it increases their motivation, productivity, retention, and overall loyalty to the company. A company's mission and values encourage employees to become invested in the company's continued success as a socially responsible business. Millennials and their younger siblings, Generation Z, are driving this preference for values-led businesses since they are attracted to workplaces focused on

meaningful work and overall wellness. In addition to fostering practices that help retaining employees, B Corp certification also provides a signal to job seekers that a company cares about its employees. A candidate's familiarity with the employer's brand and social mission has a direct impact on their decision to apply. Especially important is a focus on why promoting justice, equity, diversity and inclusion (JEDI) is important to not just businesses but also society at large.

Better Business presents research that shows that employees need more than monetary compensation to be motivated and satisfied in their careers. Although salaries and financial benefits are advantages, employees certainly need more from their companies to promote commitment and increased motivation. This book addresses these various factors including work-life balance, diversity and inclusion policies, and comprehensive benefits. Many B Corporations have employee-owners models which are often approached with hesitation but have been shown to have strong advantages for the overall business.

Discussion Prompts

- What qualities do you seek in a future in an employer? What does the evidence say about what leads to attraction and retention of talent?
- What are some of the employee-focused innovations often used by B Corps? What could be done to spread these practices to more businesses?
- Why is justice, equity, diversity and inclusion important to employees, employers and society?
- What are programs that have now begun to be implemented nationwide – loans, open hiring policy – which were amplified by B Corporations?
- Describe some characteristics of employee culture common among B Corporations. What are some examples in practice?
- Offer examples of other programs for employees like the Rhino's Income Advance Program that could be implemented in companies.

Go Further

- **Articles:**

- [“Inclusive Economy Challenge 2019,”](#) Certified B Corporation, accessed September 22, 2019.
 - Marjorie Kelly and Sarah Stranahan, [“Next Generation Employee Ownership Design,”](#) *Fifty by Fifty*, November 1, 2018,
 - Katarzyna Klimkiewicz and Victor Oltra, [“Does CSR Enhance Employer Attractiveness? The Role of Millennial Job Seekers’ Attitudes,”](#) *Corporate Social Responsibility and Environmental Management* 24, no. 5 (February 2017): 449–63,
 - Christopher Marquis. [For Businesses To Be Actively Anti-Racist, They Have To Put In The Work And Investment For The Long-Term.](#) *Forbes*. June 14, 2020.
 - Derek R. Avery et al., [“Examining the Draw of Diversity: How Diversity Climate Perceptions Affect Job-Pursuit Intentions,”](#) *Human Resource Management* 52, no. 2 (March/April 2013): 175–93,
- **Videos:**
 - [Why do YOU work for a B Corporation?](#) (2:46 mins, Sep 15, 2014).
 - [Greyston Bakery,](#) (2:23 mins, Apr 10, 2012). The hiring policy of Greyston opens new door for people with barriers to employment before, and makes itself sustain a profit in the local community.

Chapter 7: Finding Kindred Spirits: The B Community

Chapter Objectives:

- Evaluate the strengths of localized B communities within the greater B Corp ecosystem.
- Assess numerous partnerships among B Corps to understand what these companies gain from impact-focused partnerships.
- Recognize the tools available to connect with others in the B community.

Chapter Summary:

As the certified B Corp community grew and matured, B Lab began to see benefits of scale and of the network effect. The B Lab co-founders noticed that geographic clusters of B Corps were emerging, and these highly-concentration areas developed into smaller, local B Corp communities. B Lab saw this as a unique opportunity to expand the movement's influence while creating stronger networks through smaller communities.

Chapter seven considers how local clusters of certified B Corps developed (some of which have formally organized as “B Local” groups) and why they are essential to the growth of the movement. The chapter begins with a focus on the development of the first cluster in Colorado, which acted as a testing ground for how local businesses can work together in a concrete way to promote change. The chapter also considers how since these early stages, B Lab has seen opportunities to build similar small networks in other notable locations, such as Vermont and North Carolina in the U.S. and internationally in the UK, Latin America, and Australia.

Discussion Prompts

- How have local clusters of B Corporations developed in the U.S? What are some notable examples of partnerships in these smaller communities?
- Why have B Corps clustered occurred in some areas—e.g., Colorado, and not others? Are these elements essential to the growth of the movement?
- What are the greatest strengths and weaknesses of these clusters? How have these influenced B Lab?
- What is the basis for partnership among B corps? [Please pick a B Local](#) for more in-depth analysis.
- What other incentives have B communities and other entities provided that could be utilized to a greater extent?

Go Further

- **Articles:**

- B the Change, "[Luke's Lobster Grows Impact and Revenue by Working with Fellow B Corps](#)," *B the Change*, August 23, 2018
- "[Beyond Certification, B Corp is About Community](#)," *MaRS*, October 08, 2013,
- Kerry Vineberg, "[6 Lessons from B Corp Leadership Development: Bay Area](#)," Certified B Corporation, accessed January 3, 2020

- **Videos:**
 - [Ben & Jerry's Social Mission](#) (3:16 mins, Jan 12, 2015). Ben & Jerry's business connects farmers, suppliers, franchisees, employees, customers and neighbors in the local community.
 - The Community of Certified B Corporations, "[Welcome to the B Hive](#)," released on YouTube, February 4, 2015, accessed January 3, 2020,.

Chapter 8: Going Global

Chapter Objectives:

- Assess how different areas of the world have addressed the B Corp model, what are the similarities and differences and why do those differences matter.
- Understand the role globalization plays in sustainable business, specifically in the case of B Lab.
- Examine the possible trajectory for B Lab and sustainable business as the globe become more interconnected.

Chapter Summary:

B Lab first focused exclusively on US companies, but as businesspeople from around the world reached out to the founders, they understood the need to expand. This global expansion started in 2011 when a group of young entrepreneurs in Latin America contacted B Lab and by 2018, over half of certified B Corps were located outside the US. Vibrant B Corp communities exist in the UK, continental Europe, Latin America, and Australia, each with a unique local flavor emerging from its own group of pioneering entrepreneurs.

Entrepreneurs and businesspeople from many countries have tailored the work of B Lab to their specific environments, allowing social business to evolve in many different directions, while also showing the impact of the flexible tools and processes created by B Lab. A key concern has always been that has that movement it is “too American” resulting in important questions about what changes need to be made to the standards, assessments, and tools to successfully expand the movement. Questions are being raised about whether this *could* work all over the globe and at what cost, if any, to the core values of B Lab.

Discussion Prompts

- What are the issues and challenges in the global growth of the B Corp movement? How did B Lab deal with them and could they have done to make the process smoother?
- Have the core values of the B Corp movement been adapted to different regions and countries? If so, how have these changes conflicted with B Lab’s core values and motives?
- What are some key regions or countries in the international expansion of the B Corp movement? Why were these instrumental in the growth movement?
- Looking forward, should B Lab accelerate global expansion? If so, what should be the next target countries and what types of strategies B Lab should use?
- How will global governance help or hinder this global expansion?

Go Further

- **Articles:**
 - Academia B, [Case Studies in Innovation Purpose-Driven Companies and Sistema B in Latin America](#), Santiago, Chile: Inter-American Development Bank, 2017, September 24, 2019
 - [“B Corp movement in BeNeLux,”](#) B Lab Europe, accessed January 3, 2020,
 - [“Making an Impact with B Lab Australia & New Zealand,”](#) Hub Australia, accessed January 3, 2020,.
- **Videos:**

- [Benefit Corporations Aim to make Profit, with Positive Community Impact](#). (8:36 mins, Mar 27, 2012). B Lab Co-Founders, Andrew Kassoy and Jay Cohen Gilbert interviewed by PBS News claimed B Corps boost economic returns as well as the social impact.
- ["His Excellency Ma Ying-jeou – B Corp Asia Forum 2016 Keynote"](#), B Lab Taiwan, released on YouTube, July 12, 2017, accessed January 3, 2020,

Topic 4: Changing the Future

The final topic addressed in *Better Business* focuses on widening the funnel of the movement to include broader sets of players, outlining what is necessary to scale the movement further, to push beyond the tipping point and overcome the current capitalist economy in order to truly establish an interdependent economy. In Chapter 9, the book examines how much the B Lab team has widened the funnel by creating different tools and systems for any company to be part of the movement, not just B Corps. This includes integration with important international initiatives such as the United Nation's Sustainable Development Goals. Chapter 10 examines why "big" doesn't necessarily mean "bad" and shows that many larger companies are now getting on board the B Corp movement to improve their overall impact. The final chapter, Chapter 11, brings the issues back to each and every one of us as consumers. While changes in business are important, they are not sustainable unless consumers actually care about the social and environmental effects of business. This chapter outlines the ways that B Lab is creating awareness among consumers of B Corps and what all of us can do to use our purchasing power to make the world for the better.

Chapter 9: Widening the Funnel

Chapter Objectives:

- Assess different paths that companies take regarding B Corp certification and the challenges that some face in maintaining certification.
- Recognize the ways that impact can play a role for not only aspiring or certified B Corps but also any company hoping to have a greater impact.
- Understand the role the UN Sustainable Development Goals play in sustainable business and society and the economy more generally.

Chapter Summary:

Being a B Corporation is not a great fit for every company and this chapter describes some of the controversial cases where important B Corps certification lapsed. Because of the requirement by

B Lab to incorporate as a benefit corporation if the firms' state of incorporation has passed benefit corporation law, some high-profile B Corps relinquished the certification.

But even if companies cannot change their incorporation status, there are many things they can still do to be more accountable. This chapter covers how B Lab's accountability tools can help all companies be more accountable and spread the impact beyond B Corps. Specific examples are how companies can drive impact through their supply chain, and cooperating with the United Nations (UN) Sustainable Development Goals (SDG) by developing a specialized tool—SDG Action Manager that can help to measure the impact of otherwise broad goals.

Discussion Prompts

- What are some of the barriers companies cannot overcome to become or recertify as B Corps? Do these make the “B” brand stronger or weaken B Lab's image?
- Should B Lab make greater efforts to retain lapsed B Corps such as Etsy, Warby Parker and The Honest Company? If so, what additional efforts could B Lab make to retain such companies?
- How does B Lab spread impact beyond B Corps using the tools and method they've developed? What else could be done to expand this impact?
- What is the role of business in sustainable development? How has B Lab affected business awareness of the UNSDGs?
- Which UNSDGs resonate most with you and/or your career goals? How can you translate that to your current company (or recent company)?

Go Further

- **Articles:**
 - Max Chafkin and Jing Cao, “[The Barbarians are at Etsy's Hand-Hewn, Responsibly Sourced Gates](#),” *Bloomberg*, May 18, 2017,
 - James Surowiecki, “[Companies with Benefits](#),” *The New Yorker*, July 28, 2014,
 - B the Change, “[How the Sustainable Development Goals Provide a Framework](#)

[for Impact-Minded Businesses](#),” *B the Change*, July 31, 2019,

- **Videos:**
 - “A Conversation with Emmanuel Faber & Andrew Kasoy,” B Lab, released on YouTube, November 28, 2018, accessed January 4, 2020, <https://www.youtube.com/watch?v=P-ofxmlnWwU>

Chapter 10: Big Isn't Always Bad

Chapter Objectives:

- Recognize the role of large, public, and/or multinational companies in the B Corp movement including challenges and advantages.
- Assess the way large firms are evaluated and how that compares to the core values of the movement.
- Understand the six principles that B Lab developed to scale the B Corp movement.

Chapter Summary:

To scale up the B Corp Movement, B Lab needs to recruit and support large, public, and/or multinational companies. These firms are presumably more influential to society, investor markets and are well known by consumers. Without including such firms, the movement will be only for small-and-medium sized enterprises (SMEs) and would be less likely to reform the foundation of shareholder primacy.

The chapter covers Danone's work pioneering B Lab's new standards for large, multinational public companies. B Lab later published these procedures, which are more rigorous than those for SMEs. B Lab recommended large companies start with subsidiaries and brands that were most likely to gain the certification. The process is complex and some companies struggle, but many large firms, such as Natura and Danone have used it as an opportunity for continuous improvement.

Discussion Prompts

- Should B Lab include public firms and multinational corporations? What challenges do these present and what advantages may they provide?
- What are the main obstacles for large public and/or multinational corporations to get certified? Is the assessment process fair for these businesses and should they be held to different standards compared to small-and-medium sized companies?
- Has B Lab made strategic choices regarding how to certify large companies? What different choices could they have made along the way?
- How should large companies approach shareholders regarding the motivation to certify as a B Corp? What about managers or general workers?
- Which of the six principles do you think are most influential to help build the B Corp movement?

Go Further

- **Articles:**
 - Christopher Marquis and Effie Sapuridis, "[Danone North America: The World's Largest B Corporation](#)," *Harvard Kennedy School Case* 2156.0, (April 26, 2019): 15
 - B the Change, "[The World's Largest B Corp on the Future of Business](#)," *B the Change*, April 13, 2018
 - Jay Coen Gilbert, "[New Business Trend: An Authentic Commitment to Purpose](#)," *Forbes*, July 18, 2019

Chapter 11: Convincing Consumers to Care

Chapter Objectives:

- Compare the various ways companies communicate their B Corp status.
- Recognize which consumers care about CSR and sustainability and what they are

seeking in sustainable companies.

- Assess the degree to which B Lab markets the B Corp movement to consumers.
- Describe how B Lab uses BtheChange.com, its social media channels, and campaigns such as “Vote Every Day” to promote certified B Corps, benefit corporations, and the the B Corp movement.

Chapter Summary:

A major focus for the B Lab, especially in recent years, has been on figuring out the right way to reach and resonate with customers. Research has clearly indicated that a company’s reputation and its commitment to its mission and values increases the consumer’s loyalty and overall disposition towards a company. Research also supports the idea that Americans are seeking values-driven companies that have a positive impact but there are challenges in establishing consumer resonance with social mission businesses. Given the rising number of certified B Corps, the B Lab team and the global community of B Corps believe there will be a shift in market preference and growing marketing value of the label “Certified B Corp” as a trademark logo. Examined in the chapter are several strategies B Lab has engaged in to increase consumer awareness of and commitment to social mission businesses, and more generally the difficulty of changing consumers’ mindsets. Unfortunately, as of yet, most people do not yet recognize the significance of the B Corp logo.

Discussion Prompts

- What are your favorite brands and why do you prefer them? Do values, mission or claims of their social impact and sustainability play a role? What brands do you reject and why?
- Should the B Corp movement involve consumers and make greater efforts to increase awareness? Why is consumer awareness so far relatively low?
- Assess the various strategies that B Lab has in place to increase customer awareness – how useful might these strategies be in the short and long term? What other strategies should they consider?
- Has B Lab’s lack of marketing and affected its growth? If so, what can they do to increase awareness?

- What are the different marketing strategies employed by individual B Corps, particularly vis-à-vis the B logo? How has this changed over time and how do you see it being used in the future?
- How can firms inform consumers about B Corp certification?

Go Further

- **Articles:**
 - Stammer, R. (2016). It pays to become a B corporation. *Harvard Business Review*, Dec.
 - “Consumer-goods’ Brands that Demonstrate Commitment to Sustainability Outperform Those that Don’t,” *Nielsen*, December 10, 2015.
 - “Green Generation: Millennials Say Sustainability is a Shopping Priority,” *Nielsen*, November 5, 2015.
 - Anne Field, “Boosting Awareness of B Corps by Linking Them to Voting.” *Forbes*, November 27, 2018.
- **Videos:**
 - Michael Porter, TED talk: The case for letting business solve social problems (16:48 mins, Jun 15, 2013).
 - B Corporation – Vote Everyday Campaign Video (50 sec, Nov 11, 2018). Living with Certified B Corporations, you can vote for what you believe in.
 - Soup-to-Nuts Podcast: B Corp certification can help companies connect with conscious consumers (23 mins). A certification labeled as B Corps makes those socially responsible companies visible to conscious consumers who search around to reward these firms.

Case Discussions/Connection to Research

- Forbes Agency Council Post, Dennis Lomonaco, (Jan 22, 2018). Be Nice or Leave: The Pragmatic Case For B-Corps.
- Marquis, C., & Villa, L. V. (2012). Managing Stakeholders with Corporate Social Responsibility. *Harvard Business School Course Overview Note* 412-121.
- Saerom Lee, Lisa E Bolton, and Karen P. Winterich, “To Profit or Not to Profit? The Role

- [of Greed Perceptions in Consumer Support for Social Ventures](#),” *Journal of Consumer Research* 44, no. 4 (May 2017): 876,
- Alben Ivanova et al, “[Moderating factors on the impact of B Corporation certification on Purchasing Intention, Willingness to Pay a Price Premium and Consumer Trust](#),” *Atlantic Marketing Journal* 7, no. 2 (2018): 17–35,
 - David Boyd, “[Ethical Determinants for Generations X and Y](#),” *Journal of Business Ethics* 93, no. 3 (May 2010): 465–469,
 - Ki-Hoon Lee and Dongyoung Shin, “[Consumers’ Responses to CSR Activities: The Linkage Between Increased Awareness and Purchase Intention](#),” *Public Relations Review* 36, no. 2 (June 2010): 193–195.

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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