

B-ING A B CORPORATION:
A LOOK AT MOUNTAIN CHALLENGE'S JOURNEY THROUGH RE-
CERTIFICATION AND ANALYSIS OF THE B CORP MOVEMENT

A Report of a Senior Study

by

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ABSTRACT

There is a new phenomenon in today's business world that is changing the dynamics of the market system and quickly picking up speed. This phenomenon is the push for socially and environmentally responsible businesses; it is the B Corp movement. Eight years ago, a certification was designed to encourage businesses to meet quantifiable social and environmental standards in order to label themselves as a B Corporation – a company dedicated to doing good. Today, this certification can describe thousands of companies around the world and has developed a community in business unlike any other before it.

This report introduces one of those thousands, the B Corp next door, Mountain Challenge and provides a step-by-step account of the company's journey to 2015 B Corp re-certification and an analysis of what that certification represents. Explained are the foundational values, standards, and credentials that the B Corp community upholds. There are many moving pieces to the B Corp movement, including the introduction of the benefit corporation, the dangers of Gray Sector Organizations, and the ever-evolving business environment. This report attempts to capture what it means to be a B Corporation today and what it might mean for the future of business.

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CHAPTER I

MEETING MOUNTAIN CHALLENGE

The idea for Mountain Challenge began to bloom in the early 1980s as Founder Bruce Guillaume discovered that his passion for physical activity was the potential means for a greater good. Before the conception of the company had come to completion, Guillaume was using this passion as a social worker and attempting to guide his clients towards mental wellbeing and healthy relationships with some of his favorite activities, running, bicycling, hiking, and climbing, as “exercise prescriptions” (Guillaume). In 1985, after an eye-opening experience with the North Carolina Outward Bound School, Guillaume found that he wanted to help facilitate and influence groups of people in ways relevant to the natural world while incorporating his healthy hobbies. After working with the nearby Wesley Woods adventure facilities the following year, Guillaume refined this dream into a feasible business concept, and so Mountain Challenge was born.

The most basic description of Mountain Challenge as a business is a service provider of outdoor activities that help to facilitate teamwork, leadership, and communication primarily through ropes courses and climbing. However, the company is

more than what a description of their service can convey, according to their mission statement which reads, “We provide high quality, safe outdoor experiences designed to change the world for the better, one person at a time” (Guillaume). A large order to fill, the company materializes the concept of this mission through strict adherence to several principles that are broken into two categories: First Principles and Supporting Principles. First Principles are two tenets that the company defines as “so true and right that they are accepted without debate” (Guillaume) and are listed as Safety and Quality. Because Mountain Challenge’s services revolve around outdoor adventure activities, there is a degree of danger involved. The company makes keeping clients safe its main priority and aims to keep upwards of 99% of courses incident free.

While incident free courses are easy to quantify, the second of the company’s First Principles is harder to measure. Mountain Challenge describes its pursuit of quality as a “link between courses, customer service, [the] workplace, and the lives of [the] staff” (Guillaume). Guillaume believes that the only option is to have quality in every aspect of the company or none at all. To ensure that it is present, the company measures overall client satisfaction after every course as a starting point. Every client that has had the Mountain Challenge experience has completed a course evaluation that measures their level of satisfaction in terms of safety, difficulty, planning, staff concern, and how the experience met their expectations, leaving room for comments. These measures add up to an overall course satisfaction rating that the company uses to determine whether or not the standard of high quality is being met.

Mountain Challenge’s Supporting Principles are taken no less seriously. The first of these is Have Fun. When Guillaume founded the company, he had every intention of

starting an endeavor that he would forever enjoy. He, and the whole Mountain Challenge staff, believes that the ability to have fun while working makes the experience better for everyone involved – staff, clients, even family members. Furthermore, when the ability to have fun while working is no longer present, that First Principle of quality is diminished. The next Supporting Principle is the initiative to Establish Difficult Goals. In every Mountain Challenge course, clients are pushed to overcome difficulties and achieve more than they thought was possible. The same is true for employees. The company holds that “average goals yield average outcomes.” By this same notion comes the third supporting value Expect It of Ourselves. Employees are trained to practice the lessons and values that they teach during courses in their own lives. If clients are expected to push themselves farther and try new things, then employees should be too, both inside and outside of work (Guillaume).

The balance of life inside and outside of work is something that Mountain Challenge also considers as one of its principles that is stated as Foster Flexibility. As a part of his belief that quality is a link between the workplace and the lives of staff, Guillaume believes that work life and personal life are one in the same. He believes that one confounds another and in order to achieve quality in both, employees should be allowed a flexible work life in which they can spend time with their families, go for runs, and enjoy beautiful weather while still being expected to perform well at work (Guillaume).

This principle coincides with that of Grow and Take Care of Our Staff. As a service provider, Mountain Challenge recognizes that its staff is the most important part of its business. By providing proper training and ultimately allowing staff the autonomy

to direct courses as they see fit, the company keeps employees motivated, on top of their game, and happy. Furthermore, the company believes that as a whole it must Work to Create Loyalty, whether in terms of staff, customers, strategic partners, or the community. As with every other aspect of the business, Guillaume believes that success is measured by quality – in this case, the quality of relationships. Mountain Challenge also believes that the company should stay small, or as Guillaume says, Be Sustainable. Mountain Challenge supports simplicity and believes that by being a smaller company, it is able to stay better aligned with its mission, focused on its profitability, and able to live within its means. The last Mountain Challenge Supporting Principle is Believe in What We Do. This principle is the same that led Guillaume to start the company. It conveys the importance and power of an experience that can change people, make an impact, and as the company mission aims, change the world (Guillaume).

Similar to the First Principles, Mountain Challenge’s Supporting Principles are measured by client evaluations and also staff evaluations. The company prioritizes getting feedback not only from these two resources but also from its stakeholders. Guillaume collects input from Maryville College, the company’s strategic partner, in the form of students at the school, alumni, and as much of the community as possible to better gauge the influence that it is having and how closely that influence aligns with the mission statement and Guillaume’s original goals. Over the years, Mountain Challenge has used stakeholder feedback to ensure this success. However, in the past two and a half decades, the company has seen the industry develop and is no longer alone in delivering outdoor adventure experiences.

Along the way, in order to set itself apart from competitors, Mountain Challenge has developed and adopted a strategy called 180 Degrees From the Norm. This strategic covenant consists of four responsibilities: a responsibility to staff, to the experience provided, to the community, and to the environment (Guillaume). These responsibilities manifest themselves in the form of selecting staff that fit company values and treating them as the valuable resource that they are, delivering a service of quality that is worthy of clients' time and money, creating a healthier and happier community, and modifying company facilities and actions to protect and improve the environment. Not only have these responsibilities set Mountain Challenge apart from primary competitors in the industry, they have set the company apart from businesses all over the world and have perfectly aligned it with the primary values of B Corporations. As will be discussed in coming chapters, setting high standards for conduct, performance, and output is already a beneficial decision for a company to make both for themselves, the community, and the environment. However, partnering these decisions with an entire society of likeminded companies and employees leads to a better, healthier, and more influential business world.

CHAPTER II

DEFINING A B CORPORATION

In recent years, there has been a noticeable increase in the general public's concern related to where business intersects with environmental and social issues. Stemming, no doubt, from the economic downturn known as the Great Recession that began in 2008 as well as increasing research and information on the worsening state of the environment, this great concern and push for social and environmental health has fallen on the shoulders of business. Businesses provide jobs and financial stability for families everywhere; it's not surprising that when an economic downturn takes place, the source of wages (and wage cuts) are blamed for financial misfortune. It's perhaps even less surprising that businesses must take some blame for environmental damage as well. They are the entities often producing the most waste, far more than a standard home. It's easier and sometimes more accurate to blame businesses for the struggles of the unemployed, underpaid, and the environmentally aware.

However, there are many organizations that have recognized these growing interests and concerns and intend to do something about it. As discussed in the foreword

of a new book called *The B Corp Handbook* by sustainability consultant Ryan Honeyman, businesses cannot afford to ignore these concerns. It's to be expected that the generation reaching maturity during the times of these struggles, the millennials, are demanding more from the workplace than did their predecessors. This generation that was raised during these times of environmental and social problems is looking for a sense of purpose and meaning in their work lives. According to the contributors of this foreword, Jay Coen Gilbert, Bart Houlahan, and Andrew Kasso, millennials now compose about 50% of the world's workforce and are looking for more than money in their job searches (Honeyman). Honeyman's book furthers this by later quoting the firm Goldman Sachs as saying,

“this next generation of employees and consumers have specific needs at work that are dramatically different from previous generations. High among these is a desire to align personal and corporate values. To attract and retain this group, we believe that companies need to provide rewards beyond financial gain.” (as qtd. in Honeyman)

Honeyman takes this notion and puts it in simple terms that guide his entire book, “using business as a force for good is good for business” (Honeyman). Ideas like these are the foundation of the benefit corporation movement.

A benefit corporation is a for-profit organization that has obligated itself to achieve a positive public impact as well as provide profits for its shareholders through its form of incorporation (Hiller). Rae André of Northeastern University's College of Business Administration has done a great deal of work on the topic of benefit corporations and has been both published and cited in the *Journal of Business Ethics* on

this matter several times. André states that the benefit corporation was originally created in the name of corporate social responsibility which is an increasingly prominent business term that describes the private sector's pursuit of ethical and advantageous impacts on society and the environment. As shown in the well-known "Ben & Jerry's dilemma," businesses were once putting themselves at risk by pursuing corporate social responsibility. When the owners of the ice cream company wanted to sell their company to a buyer that shared their social and environmental values rather than the highest bidder, they were instructed by lawyers to reconsider in order to sidestep shareholder lawsuits (André). The Ben & Jerry's management team had to be weary of lawsuits as a result of choosing values over shareholder returns which drew attention to an important flaw in corporate law – a barrier between public good and corporate entities.

This issue led to several states designing legislation specifically to protect corporate management from lawsuits like these. This legislation that has now been passed in 27 states ("Legislation.") allows an organization to legally incorporate itself with the intention to pursue social and environmental goals while maximizing shareholder profit to the largest degree possible (André). This form of protection is groundbreaking in states like Delaware, whose *Dodge v. Ford* court decision at one time set a precedent for nationwide corporate law stating, "A business corporation is organized and carried on primarily for the profit of stockholders" (Hiller). One line in this court decision determined the priority of shareholder profit over public good for corporate law for nearly 90 years. Delaware is home to "50% of all publicly-traded companies, and 64% of the Fortune 500 [and] is the most important state for businesses that seek access to venture capital, private equity, and public capital markets" ("Legislation."). For a state

drawing that much corporate attention to overrule shareholder priority with an emphasis on public good and an opportunity for benefit corporation status, the intersection of business and corporate social responsibility has drastically changed. As quoted in Honeyman's *Handbook*, even former U.S. president Bill Clinton has taken notice of the importance of this change saying, "We've got to get back to a stakeholder society that doesn't give one class of stakeholders an inordinate advantage over others" (as qtd, in Honeyman).

Current legislation does not provide any tax or investment incentives for organizations that choose to incorporate themselves in this form ("Benefit Corp and Nonprofits."). However, there is a great deal of talk surrounding benefit corporations which suggests that in time incentives may become a reality. In the meantime, the most significant incentive is protection for management that is interested in providing for the public good. While benefit corporation legislation does not mandate the embodiment of any corporate social responsibility specifically, the concern for those values is the driving force behind this entire movement (André). However, not all corporate management teams can feel secure in pursuing social and environmental influence for future tax incentives or legal protection. In fact, until very recently, the majority of states in America did not provide an option for organizations to incorporate themselves as a benefit corporation, meaning that they were not protected from shareholder lawsuits resulting from any kind of focus on corporate social responsibility.

While a significant setback for supporters of corporate social responsibilities, the lack of benefit corporation legislation in 23 states is by no means halting the push for positive involvement of businesses in societies. Rather, this movement began as early as

2007, before any legislation had been passed on the matter, when an organization called the B Lab created an opportunity for businesses to become certified as a B Corp. The B Lab is a non-profit organization that is dedicated to helping businesses become more environmentally and socially aware and impactful and in doing so, “help them to attract customers, talent, and capital to scale” (“The Non-Profit Behind B Corps.”). A B Corp, though often confused to be an abbreviation for the aforementioned benefit corporation, is in fact very different. It is an organization that has voluntarily sought out a way to increase and promote their positive interactions with the world around them. The process involved in becoming a certified B Corporation gives a company the opportunity to gain a more realistic idea of how they are impacting their workers, community, and environment as well as a chance to see how they can improve that impact.

The way that the B Corp differs so greatly from the benefit corporation is that it is not at all connected to the status of incorporation for the company. Rather, a company that becomes a B Corp “enters into a private contractual agreement to act as required to consider broader stakeholder interests” in the realm of socially responsible decisions (Hiller). What this means is that while B Corp certification requires you to meet high levels of positive social and environmental impact, management is in no way legally protected through incorporation status if shareholders decide their profits have been encroached upon. However, most B Corps organizations make their social impact intentions clear in their mission statements and through the pursuit of B Corp certification.

While privately held B Corporations may not face all of the same troubles that a publicly held B Corp like Etsy might after their 2015 IPO, the B Lab has created a united

front on the issue by cultivating a strong B Corp community. The B Lab has encouraged B Corps and companies interested in securing B Corp certification to band together in attempts to discuss methods of achieving corporate social responsibility, to provide resources for one another, to develop benefits of B Corporation involvement, and also to push for widespread benefit corporation legislation. In states where that legislation does not exist, there may not currently be benefit corporations. However, there is a definite presence of B Corporations throughout the entire United States and throughout most of the world. B Corp statistics change every day as companies' certifications expire or are gained but, at this point 1,229 organizations are certified as B Corps worldwide, in 38 different countries ("Welcome."), all united by the desire to "do well by doing good" (André). This B Corp bond leads to a variety of projects, events, and campaigning all in the name of benefit corporations. Additionally, the B Lab's website provides information on states that have not passed benefit corporation legislation as well as resources to pursue that legislation. It is true that "a business may choose to be a benefit corporation without being a B Corp and without being certified by B Lab" (Hiller). However, there is a great deal of overlap between these two types of entities and the B Corp community is composed of both.

With B Corporations' worldwide reach, there is a great deal of talk surrounding the future of this movement in the business field. This B Corp community is an area of concern to some business professionals, according to André. He feels that B Corps, along with benefit corporations, can now be identified as Gray Sector Organizations, or an organization that "is neither fully public (governmental) nor fully private (corporate), but which [has] important characteristics of both sectors" (André). Officially incorporated

benefit corporations are seen to be in this “gray” sector because of the idea that while they are privately owned and aim to make profits, they are still legally able to prioritize their social and environmental, and therefore public, goals over profit maximization (André).

The positioning of benefit corporations somewhere between private and public partnered with the strong, supportive B Corp community, can be of interest to business scholars for several reasons that André argues. First, this new form of incorporation allows for businesses to operate outside of “traditional corporate legal form” but also, it allows them to develop a more political role (André). During the pursuit of their social goals, these corporations could theoretically market themselves both corporately and politically, advancing their position on multiple fields. They are better able to secure capital by marketing themselves as a corporation to invest in that is both profitably and morally rewarding. Also, their incorporation status that demands positive social impact can put them on favorable terms with the public. Secondly, not only can these companies draw positive public attention to assist them in their endeavors, but they can also see great advantages from being a part of this strong B Corp community like “opportunities to network, to receive discounted services, to enhance their public image, and at times, to receive new, unique forms of income and financing” (André). A final major concern is the potential tax incentives and grants that could come with this form of incorporation without the strict accountability to the public against which public sector organizations are held (André). While there is not significant uproar, there is nonetheless concern expressed as to the potential power that these gray sector benefit corporations could see in the future, an intimidating idea for both the public and private sectors.

André's views are not without merit. Rather, there is a wealth of support for the potential profitability and power of the B Corp movement. Honeyman includes Nobel Laureate in Economics Robert Shiller in his book, quoting him to say, "I think B Corporations will make more profits than other types of companies." (as qtd. in Honeyman). *The B Corp Handbook* gives numerous reasons for this belief, only one of which is in accord with André's. Like André, Honeyman sees the strong B Corp community as a primary advantage to B Corp status. However, he sees the perks like marketing benefits and discounts as only an initial monetary attraction to the movement but, sees the strength of the community and shared values amongst business leader as "the most deeply fulfilling aspect of B Corp certification." (Honeyman). A more performance based aspect of the certification that Honeyman lists is the ability to attract talent in hiring and engage employees in meaningful work. He states, "They [millennials] also are looking for work-life integration, which means applying themselves to something that they feel passionate about, so that they can fulfill both an economic need and a need for higher purpose" (Honeyman). Becoming a B Corp draws in workers who find employment as more than a way to obtain a paycheck. These types of employees *want* to work in order to make a difference. Those are the workers that any company would want to attract. As if B Corps didn't already have an advantage in attracting this work force demographic, schools like Columbia, New York University, and Yale Business are now forgiving student loan debt of MBA graduates who continue on to work for Certified B Corporations (Honeyman). Along with this recruitment centered method to improve company performance, Honeyman also gives increased credibility and consumer trust as a benefit to B Corp status stating that:

“consumers want to connect to the story behind your brand...They want to know what kind of company stands behind the product or service... B Corporation certification can help you build credibility and trust in your brand because it is an independent, rigorous, third-party standard that evaluates every aspect of your business.” (Honeyman)

A few of the other performance and profit enhancing benefits to B Corp status that Honeyman cites are the ability to generate positive press, the ability to utilize the B Impact Assessment to benchmark and improve specific variables, the ability to attract a variety of investors (Honeyman). It may be most accurate to say that *both* Rae André and Robert Shiller are correct in their evaluations of the potential power and profitability of B Corporations. It is evident that there are a multitude of ways to utilize B Corporation status as a path to profitability.

Honeyman’s research makes it clear that despite the fact that not all states have legislation allowing for benefit corporations, there is still plenty of motivation for companies to become B Corps. Mountain Challenge happens to be one of the companies that while not incorporated in a state that permits benefits corporations, has pursued the B Corp initiative and has done so organized as a limited liability company. In fact, the way that Mountain Challenge has been organized may be the most beneficial in achieving social impact and profit next to becoming an actual benefit corporation. Jacob Hasler of the University of Virginia’s School of Law states that, “Before benefit corporations existed, social entrepreneurs could achieve the dual mission of making a profit and pursuing social good in a number of ways... LLCs offer tremendous flexibility, permitting social entrepreneurs to mold an operating agreement so that it meets their

needs” (Hasler). Cassady Brewer of Georgia State University’s College of Law expands upon that notion stating that because “social enterprise is quasi-charitable [neither entirely profit-driven nor entirely philanthropic]” LLC’s ability to have “any lawful purpose” under most states’ law makes them a perfect candidate for social enterprise purposes. Therefore, they are being used more and more frequently for social impact purposes as shown by the creation of the L3C, or low-profit limited liability company, that as of 2012 are a part of nine states’ legislation (Brewer). The L3C, a form of company that André might also group as Gray Sector Organization, is one step closer for some states to benefit corporation legislation, demonstrating the progression of the movement. However, for the time being, both LLCs and L3Cs give companies like Mountain Challenge the ability to pursue their values alongside profits without the need for benefit corporation legislation or the process that comes with B Corp certification.

CHAPTER III

BECOMING A B CORPORATION

In order to take the pursuit of both profits and social good a step further than an L3C and become a certified B Corp, companies are asked to undergo a somewhat extensive process put in place by the B Lab that requires detailed information about several aspects of the business. The process they designed, though lengthy, is designed to be a simple task for any company that can fit the B Lab standards of social and environmental performance, accountability, and transparency. There are three primary sections that compose the path to initial certification. The first is an analysis of the degree to which the company meets the B Lab performance requirements. The second is a determination of whether or not the company meets the B Lab legal requirements. The final section of the process is the evaluation and signing of the B Corp Declaration of Interdependence and the accompanying terms.

As outlined on the B Corp website, in order to begin the first step to certification which is the analysis of the company's performance, each company must first complete the B Impact Assessment which will later be followed by a complete assessment review,

submission of specific documentation, and a disclosure questionnaire ("How to Become a B Corp."). The B Lab claims that the B Impact Assessment "assesses the overall impact of [the] company on its stakeholders" ("Performance Requirements."). For this reason, as a company begins this assessment, they will be asked to provide their current number of employees and their sector of business. Mountain Challenge, being a small company of 10-49 employees in the service sector, is required to complete the V4, or version four of the B Impact Assessment. This differentiation of forms helps the B Lab to ensure each company fills out an assessment that judges them most fairly and accurately. Different versions of the assessment will include different questions and a different weighted system of those questions. For instance, detailed information on disposal of hazardous waste might not be very relevant to a service provider like Mountain Challenge but would certainly matter in an analysis of a large manufacturing company. Similarly, Mountain Challenge will be rated differently for its small workforce of primarily part-time employees than a large corporation that has hundreds of employees who never achieve full-time status.

The assessment is filled with factors like these upon which each company is graded. After completing the form and the following assessment review, each applying company receives a score on this Impact Assessment ranging from 0 to 200, most companies scoring between 40 and 100 points on that scale. However, the B Lab requires a score of at least 80 to achieve certification ("Frequently Asked Questions."). Scores from each of the first four sections of the assessment – Governance, Workers, Community, Environment, and Impact Business Models are totaled to reach this overall score. After a company becomes a certified B Corporation, these scores, both by sections

and totals, are posted under the company's profile on the B Corporation website for public viewing and use. Posted on this website currently are Mountain Challenge's scores from its 2015 re-certification in December of 2014. The company rated above average scores with a total of 104, receiving scores of 14, 16, 36, 23, 16 on the assessment in sections that are listed for the public as Environment, Workers, Customers, Community, and Governance, respectively ("Mountain Challenge.").

Each section of the assessment is designed to evaluate certain aspects of businesses and grade them against the B Lab standards. The first section, Governance, is an analysis of the governing system of the company and how that governing body aims to conduct the business. This is evaluated in terms of mission, ethics, and financial transparency. The B Lab first looks for a mission that pledges a commitment to social or environmental impact, environmental stewardship and conservation, or the benefit of a targeted group ("Mountain Challenge Assessment"), but ideally, more than one of the above. Mountain Challenge's mission statement, "We provide high quality, safe outdoor experiences designed to change the world for the better, one person at a time" (Guillaume) has a clear commitment to social change. Furthermore, it is important that the governing body of the company does not merely present a socially or environmentally beneficial mission statement, but also upholds it by engaging stakeholders in its implementation.

According to the B Lab's assessment, this might manifest itself through the inclusion of the mission and its importance in employee training ("Mountain Challenge Assessment"), which is true of Mountain Challenge. The company creates a clear incorporation of its mission in every employee training session and holds an annual

review of the mission and covenant documents for all employees, during which progress towards matching those values is discussed. The B Lab also looks for the company to hold annual performance reviews of the Board of Directors and/or management and their progress toward the mission's social and environmental objectives. Mountain Challenge conducts these reviews similarly to the company-wide annual review. Together, the management team takes a critical look at their safety, quality, and effectiveness in engaging employees and other stakeholders with their social impact. One of the ways this is measured for the company is by receiving feedback from stakeholders and key performance indicators for the company as a whole. With this information, both Mountain Challenge and the B Lab can gauge company progress towards the mission objectives. Often, B Corp certified companies will demonstrate mission engagement in several of these areas as Mountain Challenge does.

More than just presenting and engaging stakeholders in a mission pledging social improvements, the company also demonstrates a commitment to environmental stewardship and conservation through its business functions that carry out that mission. Though the evaluation of its environmental benefits come later in the impact assessment, the company's ability to breed social impact and environmental concern in its mission and communicate that to stakeholders is important to the Governance portion as well.

Under this section, too, is the B Lab required evaluation of the company's ethical policies. Included is the check on financial controls in terms of distribution of financial responsibilities. The importance of this distribution is to assist in both diminishing the chance of fraud, as well as improving the presence of transparency in the company. As a small business, Mountain Challenge tackles this separation of financial duties by not only

giving access to financial information and resources to each partner and one office worker, but by also keeping checking materials at the bank. This forces anyone pursuing capital to write out a purchase order first. The B Lab additionally requires information on the sharing of financial data (“Mountain Challenge Assessment”). Mountain Challenge must report if it shares financial information with full-time employees, if employees have access to information on material owners and investors, if it produces a public-facing annual report, and if financials are audited or reviewed by an outside party. Mountain Challenge is able to answer all of these assessment questions in the affirmative, showing the company’s high degree of transparency.

Seen in the B Lab’s assessment is the other ethical question included in the Governance section, a matter of whether or not the company has a policy, written or verbal, on whistleblowing (“Mountain Challenge Assessment”). A whistleblowing policy is important in providing an outlet for employees to voice complaints and to hold upper level management accountable for problems in the business. Mountain Challenge has no written policy, but more of an open door policy. However, each staff member is provided with an evaluation sheet for each event that they work where they are free to comment on any flaws or problems that they noted. Staff is, in fact, encouraged to find something in each event that can be improved upon.

The Governance section is important as the first level of B Lab analysis because it gives an overall description of the company and the type of leadership pursuing B Corp certification. Here, the B Lab might find that the mission of a company pursues no social or environmental improvements. It might become clear that the company’s mission is not upheld or does not engage its stakeholders in implementing it. The Governance section

also uncovers the type of ethical thinking that a company's leadership has in terms of potential financial fraud or in terms of worker complaints. If the B Lab detects an error in one or more of these areas, then it may be determined that the company is not in fact meeting the standards that a B Corp must adhere to.

The second section of the assessment, Workers, deals exclusively with worker metrics, including types of employees and the structure of compensation for those employees ("Mountain Challenge Assessment"). According to the B Corp website, the B Lab views this section as a place to "articulate the qualifications for being considered a worker in the company before answering related questions" ("B Impact Assessment."). Mountain Challenge's consideration of their workers, stems from viewing them more as independent contractors, rather than standard, part-time employees. Because the bulk of Mountain Challenge staff work events, rather than hours, they are not full time, but instead can choose to work whichever events they'd like and as many events as they would like. Even so, because of Mountain Challenge's close connection with Maryville College and their commitment to hiring college students, many of the employees prefer to work far less than 40 hours a week. Information like this matters greatly to the assessment because the company will be evaluated based on the ratio of hourly to salaried workers and the number of full-time, part-time, and temporary workers. This specific and unique set of worker details would be the type expanded upon in the assessment review to show that even though Mountain Challenge has primarily part-time employees, they have a great deal of autonomy in making their own schedules.

This section is important in analyzing the treatment of employees which is clearly a growing concern, not only as a matter of corporate social responsibility in the business

world, but also as a rising social issue in the way of fair pay, living wages, and access to benefits. Therefore, the B Lab asks many specific questions of each company about worker compensation, benefits, training, ownership, and environment (“Mountain Challenge Assessment”). Companies must report total wages and lowest wages paid in addition to what percent above the living wage the lowest paid employee is paid. Further compensation facts such as raises and bonuses given, benefits, and educational training provided is also asked of companies. Issues of compensation are the initial way that the B Lab can analyze worker treatment but there are also matters of worker protection like the presence of a company handbook for workers, a written termination policy, and the availability of tenure that the B Lab looks for every company to have in place. As with other sections of the assessment, the score received in this section will be posted and publicly viewed on the B Corporation website, displaying the B Lab’s take on the company’s level of concern for worker wellbeing.

The largest section of the assessment is that which evaluates the company’s involvement with its community. In the Community portion of the assessment, the B Lab analyzes the company based on a variety of standards revolving around social and economic contributions made by the company to its community (“Mountain Challenge Assessment”). One standard that this is measured with is job creation, particularly job creation for “under-employed and low income” demographics to determine the company’s focus on serving the community rather than merely expanding. This might mean that the company utilizes facilities based in low income communities or it could mean that the company hires employees residing in those communities (“Mountain Challenge Assessment”). Mountain Challenge allows for substantial job creation within

the company. Students at Maryville College are given the opportunity, and even encouraged, to sign up for a training position for Mountain Challenge. If they prove to be a valuable addition, then they are welcomed to the staff, providing for a generally increased attrition rate per year. Additionally, because the staff is composed primarily of college students, the company is creating jobs for an under-employed and low income community. While college students may not be a group most frequently recognized as such, they are a significant group facing these issues.

The assessment shows that this section even takes into account the degree to which the company motivates employees towards community service through incentives like paid time-off for volunteering. Though Mountain Challenge does not offer paid time-off for volunteer work, staff are able to donate their time and provide services to groups, using the company facilities, at no cost. Additionally, both as students of Maryville College and as Mountain Challenge staff, employees are reminded of the importance of service in the community and are encouraged to volunteer on their own time. The B Lab is not only interested in whether or not employees are offered this paid time-off, but it is also interested in if and how the company records its employees' volunteer hours which Mountain Challenge does keep track of and total at year's end.

Of course, alongside volunteerism, written and practiced charitable donations are recognized in this section as well ("Mountain Challenge Assessment"). Mountain Challenge has both a written and practiced donation program, donating two percent of revenues to Maryville College, one percent for the use of outdoor trips and one percent for improving the environmental quality of the school's facilities. Mountain Challenge also makes a distinction between its corporate clients and its service clients. Service

clients are groups like schools and churches who are charged a lower price than for-profit organizations who fall under the category of corporate clients. Though the service clients are still being charged, the distinction being made and the decision to charge them a smaller amount is charitable, as it puts a strain on the company to find a balance between corporate and service clients that is both helpful to the community and sustainable for the company.

Along with these other factors of community, diversity in the organization, in every area from management to suppliers, is considered. There are several ways that diversity, in particular is measured. The B Lab requires information on what groups are involved in ownership, women or individuals from disadvantaged communities, nonprofits organizations, or non-accredited investors and what percentage they own. Some of the other questions the assessment includes ask the percentage of ethnic minorities in the company, whether or not preference is given to female suppliers, and what the ratio of compensation is from men to women (“Mountain Challenge Assessment”). Mountain Challenge’s staff is majority female, with one female owner possessing ten percent. As for individuals from disadvantaged communities, the Mountain Challenge staff does not have many. A major reason for this is, again, the company’s connection to Maryville College, the type of students that attend the college, and therefore the type of students that pursue employment at Mountain Challenge. The company does not give preference to female suppliers, nor does it pay employees differently based on gender. Mountain Challenge chooses suppliers based on other qualifications, like their social and environmental impact, and pays employees based on experience and performance. The dedication to creating a more diverse organization and

benefiting surrounding disadvantaged communities is a strong characteristic of a B Corporation. It not only illustrates a commitment to social and local economic impact, but also to serving a targeted group of people.

Companies pursuing certification are also judged by the B Lab on their dedication to community benefit by their involvement with local suppliers and their methods of screening suppliers for socially and environmentally friendly practices. This analysis goes so far as to include the geographical structure of the company, frequency of local purchasing, hiring, and banking (“Mountain Challenge Assessment”). Mountain Challenge has all of its facilities localized in Maryville, Tennessee. All company hiring is done within the immediate area with a large majority of purchasing being local as well. The company doesn’t purchase many supplies for its service business. However, 60% or more of the company’s expenses was spent within 200 miles of the area. Additionally, when utilizing suppliers, the company screens those suppliers for positive impact practices similar to its own. Beginning in 2015, the company is also utilizing a purchasing matrix that categorizes each purchase made as local or non-local, and environmental or non-environmental. The matrix will be evaluated each month and will count towards Mountain Challenge’s next recertification assessment for 2017.

A demonstration of interest in industry improvement, like the involvement of the company in advocating for any industry or regulatory reforms, also helps to show a commitment to social and economic advances (Honeyman). Mountain Challenge has advocated in its industry for two major improvements, longer usage of climbing harnesses and a change from categorizing the Mountain Challenge staff as amusement park machine operators to a more fitting category in order to secure more attainable

insurance coverage. The B Lab uses this section of the assessment to look for a social impact in the form of improving economic wellbeing for the community but it also measures the degree to which the company uses its potentially advantageous position in the community for positive influence that individual members may be unable to pursue (Honeyman). A high score in this section demonstrates a serious commitment to using business to improve external areas of the company.

The Environmental portion of the assessment is a fairly large section as well. This is a section that is broken into simple subsections – Land, Office, and Plant being the first, Inputs the second, and Outputs last. However, each of these subsections requires detailed data on the company’s environmental impact. The first question of this portion asks what percent of the company’s facilities are LEED certified, or satisfy the requirements of the Living Building Challenge, or other accredited green building programs (“Mountain Challenge Assessment”). Pursuing one of these accreditations greatly improves a B Corporation’s environmental score, simply because they have already met rigorous environmental standards. Mountain Challenge’s facilities earned a Gold LEED certification in 2013 after making many alterations and completing a very intensive process. A building that has a LEED, or Leadership in Energy and Environmental Design, certification is defined by the U.S. Green Building Council as “buildings [that] save money and resources and have a positive impact on the health of occupants while promoting renewable, clean energy” (“LEED”). Additionally, the Council states that this certification “recognizes the best-in-class building strategies and practices” (“LEED”). A company with LEED certified facilities will rate highly in the B Impact Assessment for environmental standards.

Those standards rate the company on areas like recovery and recycling programs, chemical reduction methods, recycled and sustainable input materials, and programs or policies that reduce environmental destruction from transportation and commuting (“Mountain Challenge Assessment”). Mountain Challenge easily meets standards of chemical reduction methods. During the LEED certification process, the company switched all chemical based cleaning products to water based products. The company is also efficient in using recycled goods as inputs. In the Mountain Challenge facilities, paper with single-side usage is simply flipped over and used again, old pieces of climbing walls are turned into tables, and old lumber made into desks. The company doesn’t have to worry much about the impacts of their transportation on the environment because clients typically carpool to Mountain Challenge facilities for events.

Furthermore, B Corps will be rated in Inputs in terms that are largely determined by efficiency in use and conservation of water and energy. The B Lab requires data on total energy and water used in the past year, like total energy used from renewable resources in the past year, percentage of energy saved due to company conservation improvements, percent of energy generated from renewable resources, or any improvements in energy efficiency and conservation over the past year (“Mountain Challenge Assessment”). Over the past two years, Mountain Challenge has made great strides in reducing energy and water use. In January of 2012, the company installed solar panels that have generated 11.7 million kilowatt hours of electricity since their installation (as of September 2014). Over the course of the past 9 months, those panels have generated 3.3 million kilowatt hours for the company’s use. The company’s facilities utilized a total of 8,798 kilowatt hours (kWh) between September 2013 and

September 2014. The company's usage averaged 730.17 kWh per month. However, nearly half of that energy came from a renewable resource. The solar panels contributed an overall average of 337.67 kWh per month, and generated an average of 48.87% of monthly energy used. In addition to conserving energy, Mountain Challenge places a strong focus on reducing water usage as well. Over this same 12-month period, the company facilities have used a total of only 9,937 gallons of water, averaging 828 gallons per month. By placing emphasis on the value of water conservation and implementing changes like dual flush toilets, the company has managed impressive numbers, considering that according to the Environmental Protection Agency, "the average American family of four uses 400 gallons of water per day" ("Indoor Water Use in the United States."). Factors like energy and water conservation will be weighted heavily for the input, but that's only one portion of the Environmental section.

The B Lab also requires Output data in this section. Outputs are measured by the amount of waste disposed, waste recycled, hazardous waste disposed of responsibly, and Greenhouse Gas emissions ("Mountain Challenge Assessment"). Mountain Challenge only tracks waste and recycling over the summer months. As of 2014, the company recycled an average of 697.5 gallons per month which came to an average of an 85.3% recycling rate per month. The Company doesn't have to handle hazardous waste often, but when necessary, it is always disposed of properly and not mixed into trash or recycling. The amount of Greenhouse Gas emissions includes the percentage of Greenhouse Gases were offset by certified carbon credits, which are credits that can be purchased by a corporation, allowing them to produce 1.1 tons of carbon dioxide (Stillman). Though a company may have purchased a certified carbon credit, it will in no

way assist them in attaining B Corp status, as all of those emissions will count against them. Emissions are not an area of concern for a company like Mountain Challenge, but including the issue of certified carbon credits on the assessment is important for one primary reason. It prevents companies who are harming the environment with their emissions from forgetting about the damage they have done. It reminds all companies that any emissions they create will not just go away and neither will the impact that they have made on the environment. The B Lab forces companies to recognize that and ensures that any emissions damages will be reflected in their environmental scores.

Most of these environmental standards can easily be met by a company having LEED certified facilities, as is seen with Mountain Challenge. However, if a company wants to rate as highly as possible in the B Corporation Environmental practices section of the B Impact Assessment, then good environmental practices must be implemented into daily company activities, as might be specified in the company mission statement.

The final section of the B Impact Assessment is Impact Business Models. This last portion is less intensive but weighted most heavily on the Impact Assessment, providing several “socially- or environmentally-focused business models” for the company to choose from that is most closely aligned with their own business model (“Mountain Challenge Assessment.”). This section gives the company the opportunity to better clarify how their mission, ethics, business functions, and practices coexist with their intentions to cultivate a company that is socially and environmentally beneficial. Upon selecting one of the models that most closely aligns with the company’s, a set of questions that further examine and confirm the company’s model will be required. Finally, the company is asked to specify what legal actions it has taken to ensure the

continuation of its dedication to socially and environmentally beneficial practices, over time, and across ownership (“Mountain Challenge Assessment”).

After this last section of the B Impact Assessment is completed, the analysis of the company’s performance is not yet accomplished. The next step is to complete an Assessment Review. An Assessment Review is designed to review specific questions that may have been unclear, challenging to answer, or those that may require additional explanation for which the impact form did not provide. The B Lab states that this review, scheduled with a member of the B Lab staff, helps to create an understanding of the “unique circumstances and best practices related to [the] company” (“Performance Requirements.”). As the initial introduction to Mountain Challenge’s Assessment Review, the B Lab representative working with the company, Elizabeth Crampton, explained this section of the process as carefully walking through each individual page and section of the impact assessment. This review doesn’t only serve to help the company better clarify data that would boost their B Corp score. It also serves as a way for the B Lab to question the company and the intentions with which each question was answered (Crampton).

The process to become certified as a B Corporation is one that is fairly technical and if a company is looking for a way to appear more socially or environmentally impactful than they truly are, then there are numerous loop-holes to be found. For this reason, the B Lab associate must pay careful attention to each answer a company provides and evaluate how realistic and truthful they may be. This isn’t to say that many companies provide outright dishonest information on their Impact Assessments, as it is clear that the B Lab reviews the assessments and later asks for specific documentation,

therefore making it risky to be dishonest. However, there are opportunities on the form to omit important information or present data in more flattering lights. The B Lab and each B Lab representative does the best that they can during the review to negate the possibility of company's skewing their Impact Assessment score.

The B Lab associates are very thorough in reviewing the information provided. The Mountain Challenge Impact Assessment Review began with the company's contact, Crampton, explaining the process of the call and then immediately transitioning to questions about the company's activities over the past year. These general questions ranged from details on changes in company structure to updates on any new certifications like Mountain Challenge's Gold LEED status. Following this initial briefing, Crampton then went into the Impact Assessment analysis. During this analysis, Mountain Challenge worked with her to take a very close look at several questions throughout the assessment that were of concern. Those questions fell under the sections of Governance, Workers, and Community. With each of these specific questions that needed clarification, Crampton first asked why the current answer was in place and then upon hearing the answer, explained the initial concern relevant to the answer. After each question was thoroughly discussed, Crampton proposed a solution to the issue, whether it was to leave the answer in its current state or change it to something that more accurately represented Mountain Challenge as a company.

The initial section of the assessment that the B Lab saw some issues with was Governance. In this section, Mountain Challenge was asked to clarify details on aspects of governance structure, formal processes to share financial reporting, and the presence of a public-facing annual report. The structure of Mountain Challenge's ownership caused

an issue with some of the assessment questions due to the absence of a governing body in the company. Because of this, the wording of some of the assessment questions proved to be challenging to answer. For example, in question GV2.4 of the Governance section, “Does the Board of Directors or other governing body review the company’s social and environmental performance on at least an annual basis to determine if you are meeting your social or environmental objectives?” Mountain Challenge had to answer “N/A – No Board of Directors or other governing body” (“Mountain Challenge Assessment.”). This particular situation would be of concern to the B Lab because they have to ensure that the company is not avoiding an answer that would hurt their score by answering it as non-applicable rather than in the negative.

The other two questions that Mountain Challenge faced issues with in the Governance section were relevant to report sharing in both the internal and external sense. The first inquired whether or not financial reports were shared with fulltime employees. The second asked whether or not there were annual reports on performance available for the public to view. Mountain Challenge was able to answer in the affirmative for both questions. However, the B Lab concern stemmed from the presence of a formal process. Because it is fairly easy for a company to say that they share their reports or even to just share them on occasion, the B Lab wants to be sure that this is something the company does regularly to ensure consistent transparency (Crampton). For this reason, Mountain Challenge was asked to elaborate on their report sharing processes.

The Workers section was that for which Mountain Challenge had to provide the most additional information. Mountain Challenge’s employee arrangement is different than most. The company almost exclusively employs students, gives employees the

opportunities to collaborate with managers to create their own schedules, has a variety of wage rates for the same positions, and has a very dynamic set of policies. The company's large number of student employees partnered with the ability of more tenured workers and even owners to work whenever they want creates an environment in which no employee works full time. There are managers and owners who work regularly and are treated as fulltime employees. However, none of them work enough hours to be considered legitimate full time staff. Therefore, the question on the assessment inquiring the total numbers of full and part time staff was obviously of great concern to Crampton. The B Lab needs a clear understanding of why no employees make full time status and therefore might not be eligible for benefits that accompany that status before rating the company as being concerned for worker wellbeing.

The next issue found in the Workers section was that of the wage rate of the lowest paid employee and what percentage above living wage that rate was paying. Mountain Challenge pays a variety of wages based on the course that each employee is working. Two employees of the same position and skill level can be paid two completely different wages if one works a service course and the other works a corporate course. Furthermore, two employees may be paid different wages if one is a work study employee and one is not. After thorough discussion with Crampton, the agreed solution to communicate Mountain Challenge's wage rates despite this strange set of circumstances was to use the last full fiscal year's data to determine the lowest paid employee. What this meant was that the company had to count Federal Work Study employees as the lowest paid individuals who were making only the federal minimum hourly wage. In this way, those employees are then counted in the aspect of wages as

they are counted as a part of total number of workers and the diversity of the company. Though there was discussion to only use non-work study employees as a factor in this question, that would give the company an unfair advantage. They would be able to count those employees only in favorable ways, and yet in this respect they would be discounted wholly, which Crampton and her colleagues did not see as an accurate representation of B Corp values (Crampton). Before the review with the B Lab contact, it was very unclear how Mountain Challenge was to enter wage information into the assessment.

The last clarification that Mountain Challenge had to make in the Workers part of the assessment was relevant to their employee policies. Though the company has a covenant that is used to define the intentions of the company and also its relationships with employees and other stakeholders, the company does not have an employee handbook. This is an important distinction to the B Lab. An employee handbook communicates important company policies to employees so that they better understand their position as a staff member. Mountain Challenge has more of a dynamic structure and the management tends to make decisions based on current circumstances, rather than having policies that are applied consistently to everyone. One important question that was difficult to answer because of this lack of an employee handbook was the matter of paid time off. Mountain Challenge does not formally offer paid time off to any employee. Despite the fact that all employees can take as much unpaid time as they need and that tenured employees can have paid time off within reason, there is still no written policy on paid time off. During the review, Crampton's experience with other B Corps in similar situations led her to feel that it would be fair to credit the company with the average amount of paid time off that most companies without policies allow (Crampton).

However, that still does not negate the issue of the company not having a handbook, which comes up as a part of another question in the review. As a part of the work environment metrics, WR6.2 in the B Impact Assessment asks if the company has a handbook and what guidelines and information the handbook provides. By not formally providing any of the information listed, Mountain Challenge had to lose points on the assessment when the review determined that the covenant did not suffice as a handbook.

In the community section, the company had to work with the B Lab to see where the company fell in ratings of charitable giving practices and of product quality. The B Lab measures charitable giving practices in a variety of ways. Because Mountain Challenge has a written policy to donate two percent of profits to Maryville College, the review found the company worthy of credit for cash and in-kind donations. However, discounted rates for service clients were unable to count towards donations, but rather as a statement on the intended impact of the charitable contributions. Even though the discounted rates did not count in the way that Mountain Challenge had originally intended, it reveals an interesting point of contingency for the B Lab's assessment. It also allows the B Lab representative to recognize a company's commitment to positive impact in a way that may not show on the assessment. As for product quality, Crampton helped the company to determine whether or not their services are counted as having been reviewed through Phoenix Experiential Designs.

The Assessment Review is a crucial part of the certification process. The pursuit for B Corporation certification is very technical and there are many aspects of the process that can be unclear and confusing. The Assessment Review is a way for the company to better understand how to answer a question as well as it is an opportunity to explain why

specific questions were answered the way that they were. Additionally, the review is a way for the B Lab to investigate answers that may seem questionable. In order to keep the B Corp community one that is truly dedicated to improving the world both socially and environmentally, the B Lab must ensure that B Corps, both new and those being recertified, are worthy of the title. As is evident in the review process, there are many ways to cast a business in a light of having positive social and environmental impact. However, the review helps the B Lab to check that companies are not skewing the facts, omitting important details, or seeking out loop holes in the process.

To further this fact checking, after an Assessment Review has been conducted and if the company has successfully scored 80 points or higher, they will then move on to the submission of supporting documentation to a select set of questions which is the most heavily weighted section of the certification process. The B Lab staff will randomly select a set of eight to twelve questions relevant to practices for which the company will be asked to provide verification (“Performance Requirements.”). This is not only confirmation of the company’s performance meeting B Corp social and environmental standards, but also a test of the accountability and transparency of the company as well. Across this entire process, from the first question of the Impact Assessment to the last document verification, the B Lab is looking to ensure that only deserving companies receive the B Corp seal.

CHAPTER IV

JOINING THE MOVEMENT

The question that this whole process begs is whether or not B Corp Certification is a viable investment of a business's resources. Potentially, the most effective way to evaluate this trend is by taking into consideration the "triple bottom line" concept, which goes hand-in-hand with corporate social responsibility as a driving force in the B Corp movement ("For 'B Corps' ..."). This triple bottom line directly opposes the very traditional idea that businesses should operate solely based on their bottom line results, that being their net income as shown at the bottom of their income statement for each financial reporting period. This old and very familiar way of evaluating a business considers only methods of increasing net earnings and adjusting any activities that may decrease it. In contrast, the modern CSR-based concept encourages business leaders worldwide to consider the reach that their businesses have in impacting the environment and society by measuring the three P's: people, planet, and profit ("Triple Bottom Line."). Rather than merely focus on a number at the end of a financial report, this perspective evaluates a company based on its real-world impacts. Whether or not a

company is a B Corp, it seems obvious that in today's business world, a company must take into account more than their net income to measure their success. No longer can a company just focus on profits to evaluate its performance and plan for the future. While every for-profit wants to end each financial period with a few zeros into the positive in their bank accounts, it's no longer a gauge of competitive positioning nor predictor of future success.

At the foundation of this triple bottom line concept is people - the people, or consumers that are so valuable in making business a reality. Their purchasing of every business's goods and services make the give-and-take of capitalism a reality. The beauty of the free market economic system that these interactions create is the competition that fuels progress and innovation. The fact that consumers can choose to spend their money on what and to whom they want creates competition among companies in the same industries, giving incentives to continuously improve their products and services. However, conscious consumerism is on the rise ("Consumers Take Responsibility...") and those very same millennials mentioned earlier that are demanding more of the workforce are also demanding more of the products that they are purchasing. It's may no longer be sufficient for a company to invest in research and development that improves the durability, speed, aesthetics, etc. of their products. They now must invest in methods of giving back to the people that keep them in business, whether that is through production of high quality, clean and safe products, charitable donations to the community, or worker welfare programs.

The "people" aspect of the triple bottom line is the idea that people want to see *people* behind business. Consumers want to see that companies are operated with a sense

of morality and decency towards those around them. They want to feel that those business owners actually care - about the community, their workers, and the customers. They want companies to produce products that are good for them and their families and take care of their neighbors at work. In this way, a relationship of trust and loyalty is built, a means by which to stay afloat in such a competitive environment.

It seems apparent that the increase in conscious consumerism is nothing to be taken lightly. In fact, an article from the Santa Clara University on corporate moral responsibility states:

“During the last 20 years or so, there are a number of companies that have been held morally responsible - not legally - but in the eyes of the public have been held morally responsible for injuries that their suppliers have inflicted on some third party... [and] have been perceived as accessories to the mistreatment of workers by their suppliers, even if they have not been directly involved” (Federwisch).

It's true that companies can certainly determine financial success or failure by evaluating their profits. They can even determine how well they meet customer demands by looking at their financial reports. However, as conscious consumerism changes the playing field of every industry, the only way for a company to stay ahead is to build those important relationships with consumers. People are steadily growing disinterested in traditional businesses that have seen great success in the past, take the turn against Wal-Mart due to poor treatment of employees, for example (Nader). Because of such consumer pressures, Wal-Mart has recently announced new initiatives as a part of their Global Responsibility program to address and change the issues that consumers have

spoken out against ("Walmart Global Responsibility."). People want to see earnest intentions and a desire to do good.

Another large part of that good that consumers are searching for is relevant to the earth or the second "P" – Planet. In a Cone Communications Trend Tracker study conducted in 2013, 71% of Americans stated that they considered the environment when making purchases. While this study goes on to say that consumers neglected to always dispose of products and packaging in the most environmentally friendly way, the information nonetheless concludes that the vast majority of consumers are basing their shopping decisions partially at least on environmental impact ("Consumers Take Responsibility..."). This kind of conscious consumerism is able to make a large scale change in the free market system. A 2012 New York Times article holds that environmentally conscious purchasing is responsible for "recent growth in organic, fair trade, nontoxic, energy efficient, hybrid, and sweat [shop] – free products" and is "testament to the potential of conscious consumers" (O'Rourke). The article goes on to say that large manufacturers and retailers like Apple, Nike, and Wal-Mart are seeing their greatest threats not from other industry rivals so much as from their poor reputations associated with negative environmental impact (O'Rourke). That said, it's certainly feasible to say that those poor reputations might turn consumers elsewhere to make their purchases. Consumers who are environmentally aware will easily choose competitors that produce goods and services with a more positive impact, giving those industry rivals an easily won leg-up in the competitive market.

In the same way that consumers want to see the human, moral side of business, they want to see businesses preserving their environment. Consumers, as well as

businesses, are stakeholders in the Earth's wellbeing. They want to see the environment protected for their health, their recreation, and their future generations. There is a basic economic theory called the Tragedy of the Commons which states that as individuals act out of their own self-interest and continuously use and eventually deplete a resource used by an entire community, they are acting against the benefit of that larger community ("Tragedy of the Commons Definition."). As this theory holds, if businesses are to pollute and exhaust common resources, they are acting against the benefit of society as a whole and consumers are able to recognize that. However, by producing goods and services in an environmentally conscious way, businesses are able to gain more consumer trust and loyalty as well as give those consumers a way to feel that they are contributing to a cause greater than themselves. By making a responsible purchase, they can feel proud of their decision, giving them an incentive to go back later and make that purchase again, with the same company. All of this is to say that considering the environment is an integral part of the triple bottom line model and a way for companies to demonstrate their intentions to do good, cultivate those important consumer relationships, keep a positive reputation, and stay competitive in their industries.

Of course, the last component of the triple bottom line concept is the measure of profits. It's clear that this measure is important as well. In order to stay in business and provide goods and services in any context, a company must be making profits. Net income has always been a familiar measurement of a business's success. In terms of financial success, it's clearly the best method but as an all-inclusive measurement it falls short. It neglects the first two "P's" that are so beneficial for a company to pursue. One major reason for the omission of those social and environmental components may be the

challenge that measuring them presents (“Triple Bottom Line.”). Companies often excel most in the areas that they consistently measure, track, benchmark, and can therefore improve upon. If a company cannot measure their social and environmental impacts then they very well may not know how they are doing in those areas and may fail to reap the rewards, like increased profits, that stem from improving upon them. The B Lab has a concept called “Measure What Matters” that seems to take the triple bottom line concept and make it as measurable as the original net income success determinant (“Welcome.”).

This “Measure What Matters” initiative revolves around the B Impact Assessment, that initial step that every company must take in order to achieve certification. The B Lab holds that in order for companies to pursue improvements upon their social and environmental impacts and therefore increase profitability, they must be able to measure those areas just as they measure other elements of their business. Furthermore, to continuously increase the number of companies that place emphasis on this process, the means by which to track this data should be easily accessible, should fit every industry, and should be constantly evolving and improving as a system. The B Impact Assessment does just that. It is available at no cost to any and every company interested in measuring their impact, questions are adjusted based on company size and industry, and B Lab staff is always working to improve the assessment and better fit it to individual company needs based on Assessment Review interactions. The assessment makes it easy for companies to keep track of their impact and compare how they’re doing to others in their industry, state, country, and etc. Essentially, the accessibility and standardization that the assessment provides negates some of the excuses that enable companies to ignore their relationship to society and the environment by turning an

otherwise difficult process into a simple questionnaire. If businesses want to measure what matters to consumers, which conscious consumerism defines as social and environmental impact, then the assessment can easily help them to do that. What the push for positive impact seems to imply is that this is what *should* matter to businesses in terms of the increase in profits that they are likely to experience.

While this measurement is available to any business, those that are dedicated enough to see the certification through reap further benefits. As described in the second chapter, becoming a B Corporation comes with the perks of a very tight-knit community. This community, as discussed earlier, has the potential to provide for marketing benefits, discounts, and a host of other companies that are willing to offer help and advice to one another. The B Corporation community has a remarkable ability to market B Corp goods. Where you might find a placement of or an advertisement for one B Corp product, you will often find several. For instance, if a consumer is to go on the ChicoBag website they will notice a page called “Co-Brand Products” where they can place an order for other environmentally sound products with other companies, for example, B Corp Klean Kanteen (“Quality Promotional Products...”). This is no novelty in the B Corp community. Many B Corps have co-branded with one another in order to increase exposure and therefore, sales. This willingness to help other B Corps market and find success in a competitive environment is a significant perk to certification that clearly has a large potential to drive up profits with little, if any, investment.

In this same sense, the B Corp seal is often placed on most B Corp goods and packaging, further stating the positive impact that these companies are proven to have. Because of this branding technique, consumers are able to more easily identify

companies that are socially and environmentally beneficial. If a consumer is loyal to a company that they trust, feel has this impact, and displays that B Corp seal, that consumer will be more likely to purchase from other B Corps that display the very same seal. As an example, King Arthur Flour prominently displays the B logo on their packaging. A loyal King Arthur customer that might be looking for running shoes will be more inclined to purchase Newton Running Shoes after seeing the B Corp seal on Newton's banners because, like King Arthur Flour, they know that they can trust that seal and feel good about the purchase that they are making. As the B Corporation community unites under the B Corp seal and continues to help one another advertise, they make it easier for consumers to find this growing segment of responsible business, drawing in more consumers and greater profits.

Not surprisingly, B Corps also sometimes offer discounts to one another or are offered discounts by other retailers on legal services, software packages, and more, for their commitment to doing good which is an obvious and easy way for companies to save money. However, what is even more attractive about this community may be the simple but incredibly useful tool of networking and strategizing with other B Corps. The B Lab "facilitates B2B Peer Circles, which are groups of B Corps that collaborate across areas of common function, expertise, geography, and interest. B2B Peer Circles have formed around a range of topics, including employee engagement, retail partnerships, women and leadership, supply chains, raising capital, diversity, and digital marketing" (Honeyman). The ability to communicate with other companies that are pursuing the same goals and develop real solutions to problems and plans for the future is something that most for-

profit organizations are not awarded. As quoted in The B Corp Handbook, Merlin Clarke, Owner of Dogeared speaks highly of the B2B networking,

“We share and benefit from each other’s wisdom and experience and networks, we brainstorm together, we build mutually beneficial partnerships in a really organic way. Every company becomes greater than the sum of its parts. It’s a true alliance of a very passionate community.” (as qtd in Honeyman)

In addition to the intrinsic rewards of working with others so dedicated to the same causes, it cannot be ignored that there are significant competitive advantages to this support system.

Possibly the most significant competitive advantages that this community offers are the people that it draws in. Not only do the B Corps have the ability to learn from, feed off of, and grow with the experts from others in their industries, but they also attract interested investors and job applicants who want to make a difference. Like consumers, investors too, are realizing that they want their money to go to companies that are responsible. In fact, the B Corp community and B Lab help newly certified B Corps to find additional capital by providing a “free Global Impact Investment Rating System (GIIRS) rating and a free listing on B Analytics, an investor-facing platform designed by the B Lab” and by also introducing them to B Corps in the financial services introducing (Honeyman). It shouldn’t be a challenging endeavor to raise capital as a B Corp based on the organic interest that investors, both young and old, have in the new concept of impact investing.

Like those investors, job applicants have a similar thought in that they want to invest their time with companies that are responsible. Tiffany Jana, CEO of TMI Consulting is quoted in *The B Corp Handbook* to on this matter to say, “I can barely keep up with the droves of highly qualified, passionate, values-aligned millennials who want to work for TMI...I no longer search for high-potential staff; they now come to me” (as qtd in Honeyman). This phenomena does not only apply to millennials who are new to the work force, but also to experienced workers who are looking for a change of pace in the work place. Not only are workers attracted to the type of work that B Corps do and therefore, the important roles that they will fulfill, but they are also attracted to the perks of B Corp work environments like the non-traditional atmosphere, good health benefits, and work-life balance that many offer. While the first “P” of the triple bottom line model seems to focus most often on the consumer aspect, it also applies very well to employees. There is a growing interest in the job market for work with employers who demonstrate corporate responsibility. Employees want to feel that they are valued and want to be able to value what they do in their jobs. A company stands to benefit greatly by being a part of the B Corp community and advertising their status to attract talented, passion driven job seekers. Any company will excel when they have highly qualified staff who are enthusiastic about the work they do and when looking at this advantage in terms of profit, it is clear to see the potential increase that comes with a strong team.

These significant competitive advantages are the reason that scholars like André see benefit corporations, and now potentially B Corps as well, as Gray Sector Organizations in need of review to insure fair market practices. B Lab Associate Heather Van Dusen claims that B Corps are not at all GSOs. She states in an interview about the

topic that B Corporations are distinctly *for-profit* organizations that are merely changing how the for-profit sector works. Van Dusen believes that B Corporations have the ability to change how power and influence are typically used in the for-profit sector and use it for the greater good – i.e. to create jobs, fight poverty, and improve communities. She states, “We are working on a systemic approach to a systemic problem – not just looking at niche areas but looking at how you both change the rules of the game, while changing the norms of how the game is played.” (Van Dusen) While this may be a statement by only one member of the movement, a member on the forefront nonetheless, it still speaks to the intentions of the B Corp community. The B Lab, the central force behind the rapidly growing B Corp community believes that this movement has intentions to promote overall well-being rather than those to develop a more political public role or collect government funding and grants which B Corps are in fact unable to accept.

It may be that operating outside of “traditional corporate legal form”, as André suggests that this movement encourages, is exactly what the B Lab and the rest of the B Corp community feels is necessary in the current business environment. Similarly to how a company might use its advantageous position to push for industry or regulatory reforms that individuals that individuals cannot pursue, it might use that advantageous position to also push for social or environmental reforms. André’s foresight that this community has the potential to see increased profits and power is completely understandable – and is seemingly the intention. However, that isn’t to say that the increased profits and power cannot manifest themselves in the form of improved communities and a healthier environment. If this movement follows through with the intentions and practices it has set forth, it very well may use these advantages to continue pursuing positive impact.

As implied in this concluding section, the concept of revolutionizing business and what it means to be a for-profit organization is turning into a reality, and is proving to be a profitable one at that. In the past eight years, the B Lab has remodeled this concept from something that has been challenging to measure and gauge and developed it into a measureable, tangible set of standards and set it loose to businesses around the world. While the B Lab may have facilitated the process, it has taken more than a thousand companies to implement this change and make it a recognizable movement in business. Corporate social responsibility is not so new of a concept as B Corporations. However, B Corporations have certainly driven that concept forward by proving that being a responsible business is achievable. Furthermore, they have demonstrated that it is no hindrance to a business to pursue these social and environmental impact goals. Rather, companies like TMI have experienced business growth up to 800 percent (Honeyman). Presumably, larger B Corporations like Patagonia and Ben & Jerry's are certainly not missing out on business growth or being hindered by the impact standards either.

What this movement and companies like Mountain Challenge are trying to do for the field of business is redefine what it means to make money and be successful. Together, conscious consumerism and responsible business have taken advantage of the free market system in order to create a positive impact. They are attempting to use their buying and selling powers to influence their communities and the environment in positive ways and in doing so, have created the potential for significant economic opportunities. If this movement continues, and businesses become more interested in social and environmental impact, it may provide for new jobs, increased circulation of money back into local communities and charities, and redirected capital into the hands of those who

want to provide for the general public good. Because of these efforts and the increased emphasis on the triple bottom line model, businesses stand to be evaluated on more than just profits both today, and in the future. Time will tell if Honeyman's theory will continue to ring true – that *using business as a force for good is good for business* (Honeyman). In the meantime, businesses like Mountain Challenge will continue to adhere to their missions and intentions to make a difference.

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