THE MAKING OF A MOVEMENT: THE RISE OF THE B CORP ON THE GLOBAL STAGE

A historical look at the expansion of the B Corp movement throughout South America, Australia and Europe

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Abstract

In response to growing concern for social and environmental issues throughout the world, a small but steadily growing movement is working to harness the power of business for the benefit of society. This movement, the B Corp movement, is comprised of for-profit companies committed to sustainability-related initiatives that are central to their purpose. This movement aims to bridge the gap between business and society, working to address some of the biggest challenges of our time.

The B Corp movement is unique in that it works to drive societal change through the repurposing of existing capitalist structures. To date, there are 1,358 certified B Corps operating across 121 industries in 41 countries throughout the world. B Lab, the nonprofit behind the movement, has established partnerships with sister organizations in South America, Australia, and Europe; each working to grow and support the movement in their region. The rise of the B Corp on the global stage is a phenomenon that has the potential to redefine success in business and create a more social and environmentally beneficial economy.

This paper sets out to identify the key factors that contributed to the growth of the B Corp movement in North America and its subsequent expansion throughout South America, Australia, and Europe. Through employing business history methods to construct a narrative, the research uses inductive reasoning to identify a pattern and puts forward three tentative hypotheses as to the key factors contributing to the movement’s growth:

1. The core components of the movement appeal to the existing ideology of a wide-range (and growing number) of stakeholders.
2. A strong bond exists among individuals that share this ideology as it goes against the prevailing norm in business.
3. The movement provided the first concrete definition of what this ideology looks like within the current capitalist structures.

Rooted in the social constructivist epistemology, the research uses the social movement theory of framing to further analyze the growth of the B Corp movement and finds support for the derived hypotheses.
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List of Abbreviations

BALLE……Business Alliance of Local Living Economies
CSR...........Corporate Social Responsibility
CSV..........Creating Shared Value
CORFO.......Chilean Economic Development Agency
FOMIN.......Multilateral Investment Fund
GIIN.........Global Impact Investing Network
GIIRS........Global Impact Investing Rating System
IRIS..........Impact Reporting and Investment Standards
SVN..........Social Venture Network
In response to growing concern for social and environmental issues throughout the world, a small but steadily growing movement is working to harness the power of business for the benefit of society. This movement, the B Corp movement, is comprised of for-profit companies committed to sustainability-related initiatives that lie at the center of their business model. Born out of the desire to drive the systemic change necessary to create a more social and environmentally beneficial economy, B Lab, the nonprofit behind the B Corp movement, seeks to provide the infrastructure necessary to support and grow this community.

While the traditional purpose of a corporation has been widely accepted as that of maximizing shareholder value, the B Corp movement aims to redefine success in business, whereby corporations generate value for society and not just for shareholders. The ubiquity of recent corporate scandals, human rights violations, and environmental degradation has resulted in a deep-seated mistrust of large corporations that are seemingly willing to do whatever it takes for the promise of increased profits. This view of business as a purely economic entity has increased the gap between business and society, where business is solely responsible for generating profits while government and civil society are left addressing a growing number of social and environmental issues. Recognizing that the government and nonprofit sectors have insufficient means to address the challenges faced today, the B Corp movement aims to bridge this gap between business and society.

The past two decades have seen an increase in research centered on business and social responsibility, highlighting the importance of reintegrating ethics and values into the world of business. Scholars have explored corporate social responsibility initiatives and hybrid business models that employ market tactics to address social and environmental issues, recognizing that society may be better served by an alternative corporate form. The B Corp, praised as holistic and concrete, has the potential to do just that.

The B Corp movement is unique in that it works to drive societal change through the repurposing of existing capitalist structures. The movement leverages the values and ideology that fuel social movements, while providing a solution capable of appealing
A.K. Harriman

to the rational, utility-maximizing thinking that currently dominates the world of business. To date, there are 1,358 certified B Corps operating across 121 industries in 41 countries throughout the world. B Lab has established partnerships with sister organizations in South America, Australia, and Europe; each working to grow the movement in their region. The growth of the B Corp movement as a global phenomenon is interesting because the implications are vast in scope and scale.

This paper sets forth to answer the question:

“*What factors contributed to the growth of the B Corp movement in North America and its subsequent expansion throughout South America, Australia, and Europe?*”

In order to do so, the paper first provides a background of the history of the corporation and its traditional purpose, identifying the gap between business and society and introducing the B Corp concept. Due to the unique nature of the movement, the research will employ an interesting approach rooted in the social constructivist paradigm. Ideas, or rather the development of shared ideas, becomes the main focus, using the social movement theory of framing to understand the development and dissemination of shared ideas across the globe. This paper employs an exploratory research design using inductive reasoning to identify a pattern and put forth tentative hypotheses as to the key factors contributing to the rise of the B Corp internationally. Business history methods are utilized to create a narrative that serves as the basis for observation, outlining the growth of the B Corp movement in the United States and its expansion throughout South America, Australia, and Europe. The latter half of the analysis uses framing to analyze the construction of the B Corp concept and how it contributed to the growth and mobilization of the B Corp movement, finding support for the tentative hypotheses. The paper concludes with a brief discussion of the practical implications of its findings for the further expansion of the B Corp movement in the future.
2 Background

This section provides an overview of the traditional purpose of the corporation, highlighting the gap between business and society. It then introduces the new concept of the B Corp that has been developed within the last decade to harness the power of business to create public benefit.

2.1 History of the Corporation

The past two decades have seen a dramatic increase in research centered on business and social responsibility. From the ubiquity of corporate social responsibility (CSR) initiatives, to the concept of ‘creating shared value’ (CSV) and the appearance of new hybrid business models; it is clear that there has been a shift in how the role of business in society is viewed. To understand this change and developments in the field, it is necessary to provide insight into the origins of the modern corporation and its traditional purpose within society.

The corporate form can be traced back to Ancient Rome and the collegium. Collegia served as an entity distinct from its owners for various business purposes, such as wine production and shipping, mining, and construction. With stockholders and professional managers, this marked the first time that the identity of a business organization was not an extension of its owners, but of a separate entity with existence, rights, purposes, and goals separate from those of the individual (Beets 2011, p. 198). Throughout the middle ages religious communities, municipalities, and professional guilds used corporate form to provide hierarchy, organization and continuity; allowing them to amass power and wealth. With improvements in technology and transportation, joint stock companies arose in the sixteenth century as a means to exploit markets in distant global regions. These short-term corporations allowed investors, or stockholders, to purchase company’s stock in hopes of future dividends or cash payments. During the 17th century in England, corporations were created by the government through Royal Charters for a specified public purpose. As was the case with the varying corporate forms throughout human existence, the corporation became a means of achieving power and wealth beyond the individual. Fast-forward to the birth of the corporate form in the United States, where, over many decades, corporations evolved from small, closely controlled
business organizations to very large, very powerful institutions that exhibit substantial influence over society and government institutions (Beets 2011).

In 1886, a Supreme Court ruling established the personhood of a corporation thereby facilitating the expansion of corporate capitalism. Neoliberal ideologies guided the corporations rise to power in which free markets, economic globalization, and privatization resulted in fewer and more relaxed regulations (Shah, 2002). The dominant view of business as a purely economic activity led to the subordination of other goals and values to the primary goal of creating economic value (Freeman and Gilbert Jr. 1992, p. 12). This begged the question, “At what cost to society and the environment?” It was not until the 1970s that legislation and federal agencies were created to establish and enforce environmental, employee health, and product safety regulations. Prior to this increase in regulations, corporations operated within a very broad, very loose legal framework that gave them a lot of freedom to ‘bend the rules’.

As Friedman put forth in his 1970 New York Times Magazine article entitled “The Social Responsibility of Business is to Increase its Profits”,

> There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

According to Friedman, the sole focus of business is profits and maximizing shareholder value. He argues that the government is responsible for addressing social issues by imposing taxes and determining which needs shall be addressed with tax revenues (1970). This creates a distinct separation of business and society, whereby the purpose of business is profit-maximization and government and civil society are responsible for addressing social and environmental issues, even those attributed to the corporation.

The growing gap between business and society can be seen in the economic scandals and blunders that have taken place in recent history. Accused of human rights violations, causing environmental problems and engaging in tax avoidance schemes, corporations have seemingly lost touch with ethics and values. The result is a dire
outlook on the current state of capitalism as articulated by Charles Handy: “Markets rely on rules and laws, but those rules and laws in turn depend on truth and trust. Conceal truth or erode trust, and the game becomes so unreliable that no one will want to play” (2002). The implications of this erosion of trust are far-reaching and can be seen throughout the world in society’s deep-seated distrust of corporations, who seem willing to do whatever it takes for the promise of increased profits.

2.2 Social Responsibility Gap and the Benefit Corporation

While it has come to be traditionally thought that the primary focus of a corporation should be on shareholders and the primary goal should be to maximize shareholder value, this viewpoint receives much criticism. Some scholars argue that the focus should be on customers, while others argue that the focus should be on creating value for society on a larger scale. Although there are varying opinions as to where the focus of business should lie, all can agree that there must be an alternatively viable corporate form that is better equipped to address modern day issues and concerns. S. Douglas Beets argues for this in the concluding paragraphs of an article published in the *Journal of Business Ethics*:

> As the government in a democratic society is selected by individual humans, and the government, in turn, constructs laws that define and govern corporations, corporations should be designed in such a way to benefit individual humans and their society. While the history of corporations has revealed positive dimensions about the economic growth and employment that they have fostered, their ethics must be scrutinized in light of the power that they wield, and future research should be directed toward understanding viable alternatives to the current corporation form and the interaction between individual humans, governments, and corporations. Future studies may disclose that business ethics, the business community, and society may be better served by forms of business organization that differ from the corporation of the status quo. (2011, p. 219)

Handy supports the argument for a new corporate form, asking the fundamental question, “Whom and what is a business for?” He argues that in the 21st century the
terms of business have changed, that ownership is now investment and that assets are now people; thus making it necessary to rethink assumptions about the purpose of business (2002). The CEO of Unilever, Paul Polman, highlights the same need for change, stating, “Business is here to serve society. We need to find a way to do so in a sustainable and more equitable way, not only with resources but also with business models that are sustainable and generate reasonable returns” (Stubbs, 2014).

Many scholars have put forth the need for new business models that move beyond this ‘business-as-usual’ thinking in which organizations are perceived as purely economic entities (Stubbs and Cocklin, 2008) towards models where sustainability concepts are integral to the company’s mission and reflected through decision-making (Wicks, 1996). Thus, the past decade has seen the emergence of hybrid business models that employ market tactics to address social and environmental issues. Among these is a new form of corporation that has emerged in the United States—the benefit corporation.

Benefit corporations operate much like traditional corporations but with elevated standards of corporate purpose, accountability, and transparency (bcorporation.net). An organization may incorporate as a benefit corporation under a state statute and is thereby “legally obligated to pursue a public benefit in addition to its responsibility to return profits to its shareholders” (Hiller, 2013). At the time of writing, legislation had been passed in 26 states that allows companies to incorporate as a benefit corporation, giving leaders legal protection to pursue a higher purpose than profit. Additionally, tax breaks and other incentives have been enacted in a select-few states and municipalities.

The benefit corporation provides the legal framework for a diverse community of businesses that have been united under the B Corp certification. The B Corp certification distinguishes for-profit companies that voluntarily meet social sustainability and environmental performance, accountability and transparency standards (Hiller, 2013). The B Corp website touts that the certification, “…is to sustainable business what LEED certification is to green building or Fair Trade certification is to coffee…” and it has become the center of an ever-growing movement of companies using business as a force for good.
2.3 The B Corp Movement

In contrast to Friedman’s claim that it is solely the government’s responsibility to address society’s needs, the B Corp movement recognizes that the government and the nonprofit sectors alone have insufficient means to address the challenges faced by society today. The premise of the B Corporation is to harness the vast power of business to create value for society, not only for traditional shareholders; stating that, “systemic challenges require systemic solutions and the B Corp movement offers a concrete, market-based and scalable solution” (bcorporation.net). B Corps are similar to traditional commercial businesses in that they sell a product or service in order to generate profits. The difference lies in the mission that is embedded in the B Corp model—placing central importance on the underlying sustainability or community driven values or goals embedded within the organization.

In order to become B Corp certified, a company must meet the performance and legal requirements of certification. The performance requirements are met through scoring a minimum of 80 out of 200 points on an impact assessment. The assessment evaluates companies across five broad categories: environment, employees, customers, community, and governance. The environment section evaluates the company’s environmental performance through its facilities; materials, resource, and energy use; and emissions. It may also consider transportation and distribution channels as well as the environmental impact of its supply chain. The employee, or worker, section of the survey measures how the company treats its workers through compensation, benefits, training, and ownership opportunities; as well as the overall work environment within the company in regards to communication, flexibility, and corporate culture. The customers section of the assessment assesses the impact a company has on its customers by focusing on whether a company sells products or services that promote public benefit. The community section measures a company’s impact on its community through supplier relations, diversity, involvement in the local community, and the company’s practices and policies surrounding community service and charitable giving. Finally, the governance section evaluates a company’s accountability and transparency; focusing on the company’s mission, stakeholder engagement, and overall transparency of practices and policies. (bcorporation.net)
The legal requirement varies based on the location of companies, but most often comes in the form of an addendum to the term sheet that outlines the legal framework or through an amendment in the company’s Articles of Incorporation. This provides the business with legal permission and protection to consider all stakeholder interests. These governance reforms allow businesses to maintain their social and environmental mission. Companies are also required to sign the Term Sheet outlining the fees and requirements related to certification, and the B Corp Declaration of Interdependence (See Appendix A).

Currently, there are 1,358 certified B Corporations from 121 different industries operating in 41 countries throughout the world. The majority of certified B Corporations can be found in North America, although the global community of B Corps is rapidly growing (bcorporation.net). This rise of the B Corp on the global stage is an interesting phenomenon that unites companies from all over the world in a quest to redefine success in business.

This paper sets forth to answer the question: What factors contributed to the growth of the B Corp movement in North America and its subsequent expansion throughout South America, Australia, and Europe?, through exploring the emergence of the concept in the U.S. and its subsequent diffusion to regions throughout the world.

3 Methodology

The B Corp movement raises a number of questions, primarily due to the nature of the problems it is attempting to solve. While it is very much rooted in the values that would drive a social movement, it also aims to redefine the role of business in society. Thus, this research employs an interesting approach in using social constructivist theory combined with business history methods in order to create a narrative that will be used to identify key factors that have contributed to the rise of the B Corp throughout the world.

3.1 Theory

Rooted in the social constructivist epistemology, this paper explores the drivers of the B Corp movement through the social movement theory of framing. Due to the multi-
stakeholder, interdisciplinary nature of the issues addressed by B Lab and its supporters, framing is applied in a broad sense to understand the development and dissemination of shared ideas across the globe.

3.1.1 Epistemology

The social constructivist perspective views knowledge of the world as a human construct, closely linked to relativism. Rooted in the constructivist epistemology, a term first used by Jean Piaget in a 1967 article from Logic and Scientific Knowledge, the research will reflect the main tenet of this paradigm—that the world is independent of human minds, but knowledge of the world is always a human and social construct. Thus, the research will downplay material forces, instead shifting the focus to the individuals’ interpretation of such forces. This is further outlined by Alexander Wendt, he states the two basic tenets of constructivism in regard to international relations as the following:

1) The structures of human association are determined primarily by shared ideas rather than material forces; and 2) the identities and interests of purposive actors are constructed by these shared ideas rather than given by nature.

(1999, p. 1)

The first tenet explores the social nature of knowledge and the role that shared meaning plays in human interaction. The second tenet acknowledges the structural tendencies of society, while stating that this too is reliant on similar interpretations and meaning.

Exploratory in nature, this paper will generate broad knowledge based on the interpretations of actors central to the narrative. Ideas then become the focus, as they shape the way in which humans relate to each other and the world at large. Taking this a step further, the research will employ a vein of social movement theory strongly rooted in social constructivism to understand how these ideas come together to create a movement.
3.1.2 Framing

Framing is a social movement theory rooted in social constructivism that provides ways to link ideas and the social construction of ideas with organizational growth and mobilization. This theory further demonstrates the importance of shared interpretations and definitions as a way to bring together thought leaders, political figures, academia, and businesses towards a common goal. It is necessary to make the distinction between frames and ideology. Ideology is defined as a fairly broad, coherent, and relatively durable set of beliefs that affect one’s orientation to everyday life; whereas frames function as innovative amplifications and extensions of existing ideologies. Thus, ideology can function as both a constraint and resource in relation to the framing processes (Benford and Snow 2000, p. 613).

Social movements are defined as “interlocking networks of groups, social networks, and individuals and the connection between them with a shared collective identity who try to prevent or promote a societal change” (Stekelenburg and Klandermans, 2009). Social movements play a large role in the diffusion of ideas and values, so much so, that some scholars argue that the primary function of a movement is the construction of meaning. Through the process of framing, key actors are able to express their definition or interpretation of a specific situation and receive support based on common interests or ideologies (Stekelenburg and Klandermans 2009). Benford and Snow define framing as meaning construction in the following way:

…and an active, processual phenomenon that implies agency and contention at the level of reality construction—active in the sense something is being done, processual in the sense of a dynamic, evolving process... entails agency in the sense that what is evolving is the work of social movement organizations... contentious in the sense that it involves the generation of interpretive frames that not only differ from existing ones but that may also challenge them. (2000, p. 614)

The concept of framing is based on Erving Goffman’s work from 1974. He referred to frames as “schemata of interpretation” that enable individuals to locate, perceive, identify, and label occurrences within their life and the world at large. Such frames help
to give meaning to events or occurrences and thereby aid to organize experiences and guide action. Thus, through performing the interpretive function by simplifying and condensing aspects of the world, frames are able to mobilize groups and garner broad support. (Benford and Snow 2000, p. 614) Benford and Snow define frames as “action-oriented sets of beliefs and meanings that inspire and legitimate the activities and campaigns of a social movement organization.” They are not merely aggregations of individual attitudes and perceptions, but also the outcome of negotiated shared meaning (2000, p. 614).

3.1.2.1 Framing Process

The core framing agenda of such movements surrounds three main framing tasks: 1) diagnostic framing, or the development of a shared understanding of a condition or situation that has been defined as in need of change and identification of the source of causality of stated situation; 2) prognostic framing, or the articulation of a proposed solution and the strategies for carrying out the plan; and 3) motivational framing, or the construction of appropriate vocabularies of motive (Benford and Snow 2000, p. 615). The first of these tasks foster agreement and once achieved, the movement is able to mobilize supporters through the third framing task of motivation.

Frames are not only generated by the three core framing tasks, but also by three sets of overlapping processes: 1) discursive processes, 2) strategic processes, and 3) contested processes. Discursive processes refer to both written and verbal communications of movement members, occurring primarily within the context of movement activities. This is demonstrated through frame articulation, or the connection and alignment of events and experiences such that they are assembled in a way that provides a new angle or interpretation; and frame amplification, or the accentuation of specific issues, events or beliefs as being more salient than others. Strategic processes refer to frames that are developed to achieve a specific purpose. This is achieved through: frame bridging, or the linking of two or more ideologically congruent but unconnected frames regarding a specific issue; frame amplification, or idealization of existing values or beliefs; frame extension, or extending the primary interest of the frame to include interests of importance to potential adherents; and frame transformation, referring to changing old definitions and/or generating new meaning. Contested processes refer to the fact that
the act of reality construction through framing will always be challenged by the differences within society regarding the meaning of certain aspects of reality. This is manifested through counter-framing by movement opponents, bystanders, and the media; and frame disputes within the movement itself. (Benford and Snow, 2000)

3.1.2.2 Frame Diffusion and Constraints

Framing literature acknowledges that the diffusion of frames is most effective when only one party in the process takes an active role. Thus, there are two approaches to frame diffusion: strategic selection and strategic fitting. The former represents the situation in which there is intentional cross-cultural borrowing, with the importer assuming the active role in strategically adapting the frame to its context or culture. The latter refers to the situation in which there is intentional cross-cultural promotion, with the transmitter actively tailoring the frame or practices to the host culture. (Benford and Snow 2000, p. 627)

Due to the dynamic, ongoing nature of the framing process, frames are affected by a number of elements of the socio-cultural context in which they are embedded. Specific components of the context that affect the framing process include: political opportunity and structure, cultural opportunities and constraints, and the targeted audience.

3.1.3 Approach to Research

Based in the social constructivist tenets of framing, this paper will strive to identify how shared ideas come to exist across different cultures, political climates, and industries. In viewing the B Corp movement as a shift in cultural consciousness to redefine the purpose of the corporation as something beyond economic utility with implications that are as far reaching as transforming the role of business in society as a whole, the importance of ideas driving action becomes very significant. Ideas, or shared ideas, lie at the center of this paper as they shape this new structure of human association known as the B Corp.

Movements can be seen as contingent things which grow or shrink in response to factors that enable or constrain them (Dutting and Sogge, 2010). These factors will be explored further in this paper in the context of the B Corp movement. It is necessary to consider
movements within their historical contexts; that is, they must be understood in their own terms (Castells 2010, p. 73). The nature of history calls for interpretation, thus preventing objectivity. By working within each actor’s ‘reality’, this paper will aim to pinpoint the key events and factors that contributed to their undertaking and furthering the spread of the B Corp movement (Mazzotti, 1999).

By approaching this research from the constructivist perspective, causality will be closely associated with chronology without assuming a singular truth or cause to the matter. In this case, much of the reality of the movement related to causality will first be expressed through personal interpretation and then further investigated to corroborate specific events. A key component of this approach is considering the meaning and intentions of the actors involved and how they contribute to the construction of shared ideas. Thus, all concepts of time and causality or correlation will be filtered through the interpretation of the subject.

This paper sets out to understand and present events through the view point of the purposive actors involved. Thus, allowing to identify linkages and alignments in perspective and generate a common ideology. In this, the research aims to generate the knowledge necessary to understand the specific factors that contributed to the spread of the B Corp movement to South America, Australia, and Europe in the past with the hope of identifying a pattern that may be used to further the spread of the movement in the future.

3.2 Methods

As it is necessary to consider movements within their historical contexts, this paper utilizes business history methods to assemble an accurate historical narrative of the emergence and international development of the B Corp movement.

3.2.1 Overview of Methods in Business History

“The present can be understood only with reference to its past.” R.F. Hoxie

The purpose of a historian as that of showing how an event (in this case, the continued global expansion of the B Corp movement) was made possible by the occurrence of other preceding events. Thus, a historical approach to the subject aids in identifying the
key factors pertaining to the development of shared ideas that have contributed to the existing state of the movement. As the field developed, methods employed by business historians varied greatly. In an article written in response to great criticism of the business historian’s lack of defined methods, Decker et al. argue for diversity in the approach to methods in business history. Methods in this field must be understood in relation to the nature of the knowledge one is trying to produce, thus methods should change as epistemic goals change. This leaves little room for the traditional hypotheses-testing employed in other academic fields of study (2015).

Historical research works to uncover sequences and processes or to synthesize complex developments related to a specific phenomenon being studied rather than to verify specific claims (Decker et al 2015, p. 2). The purpose of historical method is not merely to know an existing situation, but to further some human interest. Thus, the implications will be very practical (Hoxie 1906, p. 569). The nature of such research places emphasis on context and the particular, meaning that historical method is highly selective. After all, it is impossible to understand the existing situation as a whole, so instead it seeks to understand the present situation in specific relation to the B Corp concept and the making of an international movement. In application, this will further the solution provided by B Lab through providing insight into what drives such a movement.

Due to the inherently interpretative nature of history, Decker et al., identify three major differences when research methods are based in this field: 1) the nature of evidence, 2) the conceptualization of temporality, and 3) the mode of explanation. The nature of the evidence differs in that information from the past should not be treated as objectively accessible data, but instead as sources that need to be critically understood and interpreted within the context of their creation. In regards to temporality, subjects must be interpreted by using periodization—moving back and forth in chronological time. The mode of explanation also varies when taking a historical approach; many scholars opt for a narrative, as this mode of explanation accounts for actors and actions in relationship to a contextual whole (2015).

Following developments in the field surrounding the history of capitalism, new interpretations of business historical subjects have shifted from the traditional focus on business people, firms and industries, to a broadened interpretation including social and
This acknowledges the range of issues that shape modern societies and economies and the power of business to influence politics and society (Decker et al. 2015, p. 4). This directly reflects the social and economic nature of the B Corp movement and the wide-range of actors involved.

### 3.2.2 Selection and Justification of Relevant Methods

As it is first necessary to understand the epistemic goal of such investigation in order to know how history can aid in attaining its end, the problem must first be stated:

> “What factors contributed to the growth of the B Corp movement in North America and its subsequent expansion throughout South America, Australia, and Europe?”

The B Corp movement has seen substantial growth over the last few years, much of this due to its rise on the global stage. With official partnerships launched in South America, Australia, and Europe and with more to be launched in the coming years, it seems this movement has succeeded in mobilizing broad support. In order to understand what factors contributed to the B Corps movement’s international growth, this paper will attempt a study of the past out of which this success has emerged. The epistemic goal of this research is not merely to know the existing situation but to further the expansion and reach of the movement by drawing pragmatic conclusions.

Given the interpretative nature of history and historical research, it is necessary to explain and justify how this paper handles the nature of evidence, the conceptualization of temporality, and the mode of explanation as mentioned in the previous section.

The evidence collected through personal interviews must be considered within the historical context to which it relates. It is necessary to take into account the cultural and political environment in which such narratives occurred, as well as the linear progression or development of specific events. Yet again, relating back to the social constructivist paradigm in which this research is based, the material forces and external factors lose relevance as the personal interpretation of such factors gains importance. This essentially works to highlight differences in perceptions and interpretations of similar events across viewpoints of key actors. Thus, the nature of the evidence is such
that not one view is taken as fact or certainty, allowing the sum of realities to converge upon one mutually negotiated reality.

The unique nature of what seem like simultaneous or interrelated events in the case of the B Corp movement creates a challenge in regards to temporality, thus periodization will be used loosely to allude to different phases in the development of the movement. Thus, the narrative begins with the origins of the idea and the first B Corps, before moving into the global expansion, divided by the first three official global partners in chronology of their launch dates. The overlap will be addressed throughout the narrative, with each new chapter corresponding to dates or events discussed from the chapter preceding. The narrative will conclude with a mapping of future or planned partnerships and the strategy going forward.

The mode of explanation, as already alluded to, takes the form of a historical narrative as this accounts for the explanations of specific actors in relation to the movement as a whole. Multiple viewpoints will be brought together to construct an account of what led to the emergence and subsequent international expansion of the B Corp movement.

This paper employs an exploratory research design using inductive reasoning, as outlined in Figure 1.

**Figure 1**

The paper will make observations pertaining to the growth of the B Corp movement through the active process of narrative construction. It will then work to identify a pattern based on the presented narrative, putting forth three tentative hypotheses as to the key factors contributing to the international expansion of the movement. These hypotheses will be further explored and supported using the social movement theory of framing.

As the approach is rooted in social constructivism which places much emphasis on the importance of shared ideas, the interpretations and meaning developed by central figures plays a key role. Thus, the main method of data collection employed is that of
the interview (See Appendix B for interview protocol). Overall, the interviews were very informal and conversational. This structure allowed interviewees to express their views in their own terms, while providing reliable, comparable qualitative data (Cohen and Crabtree, 2006). Alongside the primary sources in the form of interviews and documents directly from key actors at B Lab, secondary sources were utilized to corroborate and support the individual narratives. Secondary sources, in this case, include newspapers, journal articles, and case studies.

In the justification of certain methods, it is important to point out that this paper seeks to understand the existing situation not as a whole, but to understand the present in relation to the interest at stake (Hoxie 1906, p. 569) That is, to understand not only how the movement came to be what it is, but how this can impact its development in the future. It is also important to note that, given the complexity of historical change, it cannot be argued that there is a single way in which to interpret the past. Each actor’s perception is accepted as relative truth allowing the research to delve into the sum of shared meaning that has contributed to the spread of the B Corp movement from North America to South America, Australia, and Europe, respectively. Working within and across these realities will create a narrative of the evolution of the ideas central to the movement and how this has mobilized internationally.

4 Analysis

While the present day B Corp movement is very much global in nature and scope, that was not the case just a few years ago. Originating in the United States, the B Corp was almost exclusively a North American phenomenon. It was not until 2012 that the movement began to gain international traction, thus beginning the rise of the B Corp on the global stage.

4.1 The Making of a Global Movement

This section provides a narrative of the emergence and subsequent growth of the B Corp movement through the establishment of B Lab and its first global partnerships. The narrative outlines the launch and structure of each of these partner organizations, as well as the key initiatives and challenges within their respective markets. The section
concludes with a look at the B Lab’s strategy to promote future international growth of the movement.

4.1.1 Emergence of the B Corp

4.1.1.1 The Idea

Founded in 2006, B Lab was born from the desire to drive the systemic change necessary to create a more social and environmentally beneficial economy. The founders—Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy—rallied around this idea of profit with a purpose, each driven by their respective experience battling the norm in business. The three attended Stanford University together in the late 1980s and have been friends for more than 20 years.

Coen Gilbert and Houlahan founded AND1, an athletic footwear and apparel company that they grew from a ‘trash-talking T-shirt business’ working out of their garage to a $250 million enterprise, competing with the likes of Nike and Reebok (N. Gilbert, personal communication, May 21, 2015). While AND1 was not a social enterprise per se, it was built around key values that embodied what it meant to be a B Corp. Gilbert and Houlahan tried to bring to the company their personal values, which largely centered on higher wages for workers, addressing environmental issues through their supply chain, and generally doing good with their company (N. Gilbert, personal communication, May 21, 2015). The company made a charitable commitment of at least 5% profits and strived to go above and beyond for its employees. Houlahan shared insight into the struggle in a 2011 Harvard Business School case study, stating, “…it’s really easy to be socially and environmentally responsible when there are seven of you, and it’s a heck of a lot harder when there are 250 of you. And it becomes even more acutely difficult when you take in outside capital” (Marquis et al. 2011, p. 3). When they went on to sell AND1 years later, they found it very disheartening to see those values and good practices stripped away (N. Gilbert, personal communication, May 21, 2015). This experience is what drove them to develop the infrastructure necessary for B Corps to exist and thrive.

After Stanford, Kassoy went on to work in private equity on Wall Street and was also one of the first investors into AND1. Most recently, he worked as a Partner at MSD
Real Estate Capital, a $1 billion real estate fund controlled by MSD Capital, the investment vehicle for Michael Dell and the Michael and Susan Dell Foundation (bcorporation.net). During this time, through his involvement with a nonprofit, he became a mentor for several social entrepreneurs. He found many of them struggling with the same issue—how to scale their ideas while maintaining their mission. Through this experience he realized the importance of finding investors for these ventures and the amplifying effect the right kind of capital could have on their social impact. (Marquis et al. 2011, p. 4)

Moving on in their careers and looking for the next step, the trio bounced around several ideas. They thought of starting a fund and investing in companies to help them grow and maintain their mission. This raised the question, how do you actually identify good companies from those that are just saying they are doing good? Through involvement with organizations such as the Social Venture Network (SVN) and the Business Alliance for Local Living Economies (BALLE), the founders investigated this new, undeveloped sector of the economy. In order to pinpoint the elements necessary to accelerate and support such enterprises, they spoke with individuals, impact investors (before the term was coined), and companies that were naturally aligned with these values. (N. Gilbert, personal communication, May 21, 2015)

After a year of exploration, the trio identified the three fundamental pieces of infrastructure needed to change the business environment to make it more conducive to growing social companies. First, was developing a set of standards consumers and investors could use to identify good companies. With the ubiquity of CSR initiatives and ‘green washing’, they determined it was necessary to create a standard that stood for something real. Second, was to create a legal framework that would legally allow companies to consider all stakeholder interests, rather than solely those related to maximizing shareholder value. Finally, they thought it necessary to create a brand that would unite all the individual sustainability-related movements as one. (Marquis et al. 2011, p. 3)

Each co-founder put an investment of their own into the organization and B Lab launched in June of 2006. The three pieces they had identified became the three
interrelated initiatives upon which the organization was built. Thus, B Lab was tasked with:

- Building a community of Certified B Corporations that meet rigorous standards of social and environmental performance, accountability, and transparency
- Passing legislation to create a new type of corporation—the benefit corporation—operating much like traditional corporations but with higher standards of corporate purpose, accountability, and transparency—allowing leaders legal protection to pursue a higher purpose than profit
- Developing a customizable platform for benchmarking, measuring, and reporting on impact—to be used by impact investors, fund managers, and impact entrepreneurs to measure what matters (bcorporation.net)

While each of the three pieces was important for building the ecosystem as a whole, the initial focus was on creating the standards and tools for the certification and subsequently building a community of B Corps (N. Gilbert, personal communication, May 21, 2015).

### 4.1.1.2 The First B Corps

In an effort to get the ball rolling, the founders began to recruit leaders that represented a diverse range of industries, geographies, and impact areas. Their message revolved around leadership and the sense of community—bringing together like-minded entrepreneurs and providing them a platform to disseminate their views. (Marquis et al. 2011, p. 5). The B Corp ‘brand’ was meaningless at this time, yet they were able to garner the support of 19 companies that would go on to become the first certified B Corps.

In order to become certified, prospective companies were required to 1) meet a performance requirement, 2) expand the corporation’s governance requirements, and 3) sign the Term Sheet and the B Corp Declaration of Interdependence (Marquis, p. 6-7). The performance requirement was achieved by scoring a minimum of 80 out of 200 on the B Impact Assessment. The first version of this assessment was created in September of 2006 in an excel spreadsheet that brought together the best practices in
socially responsible business from Ben Cohen and Mal Warwick’s SVN book, Betsey Power’s work with Natural Capital Institute, and the small company version of the Global Reporting Initiative reporting standards. The assessment allowed companies to see how they measure up to the best practices across the categories of employee, community, and environmental impact (bcorporation.net). To expand their governance obligations, corporations had to take different actions depending on their corporate structure and their state of incorporation. The majority of states in the U.S. had a “constituency statute” that, upon amendment of a company’s Articles of Incorporation, allowed directors to consider the interests of stakeholders. For companies incorporated in states without this statute, language of the companies’ legal framework was built in to the certification Term Sheet. Lastly, in addition to any necessary legal addendum, companies were required to sign the Term Sheet, which outlined the documentation, audit, intellectual property requirements, and B Corp certification fees; and the B Corporation Declaration of Interdependence (Appendix A), which served to demonstrate their commitment to the shared mission. Certification fees were based on a tiered fee structure, as demonstrated in Appendix A. (Marquis et al. 2011, p. 6)

The official launch of the B Corp movement took place in June of 2007 at the BALLE conference. The founders announced the establishment of B Lab and presented the world with the first 19 certified B Corporations (see Appendix B). (Marquis et al. 2011, p. 5) The launch addressed the need not only for a third-party verification with validation behind it, but for one that created a community and support network for companies of varying sizes across industries (N. Gilbert, personal communication, May 21, 2015). The founding B Corps ranged from consumer brand businesses like Seventh Generation and Method Home Products to Comet Skateboards to B2B companies like Give Something Back Business Products. This group of companies embodied the spirit of the B Corp movement and demonstrated that the notion of socially responsible business was not limited to a specific sector or industry.

With the development of standards and the first group of certified B Corps, the initial goal of the organization had come to fruition. Now, to continue to build the community and begin to add the other pieces to the movement.
4.1.1.3 Moving Pieces

As with any start-up organization, funding is a critical component that cannot be ignored. Initially, each co-founder put an investment of their own into the organization and they were ‘working on their own dime for a while’ before additional funding came in (N. Gilbert, personal communication, May 21, 2015). B Lab received its first outside grants in February 2008, well over a year after the first full day of work in July 2006. These initial grants were linked to an October 5, 2007 Rockefeller Foundation gathering in Bellagio, Italy. The gathering brought together a group of investors tasked with figuring out how to put capital to use in high impact businesses. It was at this convening that the term ‘impact investor’ was coined. Subsequently, B Lab was approached in an effort to create an investor-facing rating system out of their existing certification Assessment in order to address the need for a third-party verification that could be used to identify and evaluate high-impact companies (N. Gilbert, personal communication, May 21, 2015). As a result, in February 2008, the Rockefeller Foundation’s Social Investing Group made the first core support grant in the form of $500k to B Lab to develop ‘social capital markets infrastructure’. This was followed shortly after by a matching grant from Halloran Philanthropies (bcorporation.net).

The following year, in February 2009, B Lab gave a presentation to the Global Impact Investing Network (GIIN) Investors Council outlining the development of two organizations that would address the issues raised by impact investors in regards to the lack of necessary infrastructure to support their initiatives. The Global Impact Investing Rating System (GIIRS) was based on the same process of evaluation as the B Impact Assessment used by B Lab to certify B Corps but without the minimum bar; providing rigorous, comprehensive, and comparable ratings of a company or a fund’s social and environmental impact (bcorporation.net). B Lab partnered with Acumen and the Rockefeller Foundation to co-create the Impact Reporting & Investment Standards (IRIS). From there, the other initiatives followed; these included the legislation and public policy work, as well as B Lab’s continued engagement with capital markets (N. Gilbert, personal communication, May 21, 2015).

By 2010, B Lab had made substantial developments on each of their core initiatives. On the community-building front, B Lab had certified twice as many B Corps in the
first half of 2010 as it had in the same period in 2009, having certified a total of 325 B Corps. (Marquis et al. 2011, p. 2). Due to a serendipitous meeting in late 2009, Maryland Senator Jamie Raskin introduced the first benefit corporation legislation and it was signed into law in April 2010. Vermont and New Jersey were relatively quick to follow, signing legislation into effect in 2010 and early 2011, respectively; and putting benefit corporation legislation on the agenda of many states. They had also made substantial progress on GIIRS and announced a GIIRS World Tour beta test in September 2010. Twenty-five leading funds agreed to have their portfolios participate, resulting in a run of 200 companies across 30 countries in 45 days (bcorporation.net).

While the movement was demonstrating considerable progress, it still faced a number of challenges. Prospective companies were often deterred by the poor economic environment at the time and the daunting legal requirements for certification. Also, while still in the initial phase of the movement, there was a lack of consumer awareness of the B Corp brand which further contributed to an already relatively weak business case for certification. (Marquis et al. 2011, p. 2) The movement’s fledgling status limited its immediate ability to scale globally.

The founders of B Lab recognized that what they were working to achieve was global in scope. According to Nathan Gilbert, B Lab’s Director of Global Partnerships, it was acknowledged early on that it simply wasn’t feasible for B Lab to set up offices and team members around the world. In order to scale globally, B Lab was ‘forced’ to rely on partnerships for two reasons: 1) the organization simply lacked the necessary resources to establish teams across the globe and 2) even if they had the resources, that simply was not the right approach. Instead, they thought it necessary to find the right people locally to develop teams that knew the local language, had access to local networks, and had local expertise (Personal communication, May 21, 2015).

4.1.2 Global Partnerships

B Lab’s first cross-country partnership took the form of a commission-based agreement with Toronto’s MaRS Discovery District, one of the world’s largest innovation hubs, in 2011. With the first Canadian B Corp having been certified in February 2009, the Canadian business community had expressed interest in the movement and the desire
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for additional support. MaRs works with an extensive network of partners to help entrepreneurs launch and scale their companies so as to have the greatest economic and social impact (www.marsdd.com). The MaRs Centre for Impact Investing is a social finance hub and project incubator that, through their partnership with B Lab, helped to grow and service the community of Canadian B Corps, primarily focused in Eastern Canada. As B Lab’s first venture into international partnerships, this agreement worked for the time being but was not the type of partnership they looked to establish in the future. (N. Gilbert, personal communication, May 21, 2015)

In 2012, the B Corp movement began to see a lot of international activity. There were global B Corps even before there were partners in global markets. In January, the first B Corp in South America was certified and in May the first African, Indian, and Brazilian B Corps joined the movement (bcorporation.net). This demonstrated that the idea of using business as a force for good was not a U.S. phenomenon, it was a global phenomenon. CSR and sustainability trends were on the rise and companies were wanting to do more. (N. Gilbert, personal communication, May 21, 2015)

In the preceding summer, B Lab had been introduced to a team of entrepreneurs from South America that had, themselves, identified the need for a certification similar to that of the B Corp (N. Gilbert, personal communication, May 21, 2015). This introduction initiated the beginning of B Lab’s first global partnership— Sistema B in South America.

4.1.2.1 South America

A team of social entrepreneurs from South America, consisting of Pedro Tarak, Gonzalo Muñoz, Maria Emilia Correa, Claudia Martinez, and Juan Pablo Larenas, was searching for a way to promote social enterprise in the region while supporting the existing community. In a GOOD magazine article Larenas said, “We were researching different experiences related to social enterprise all over the world, and we found out about the experience of B Corporations in the U.S., so we took a plane and decided to go meet the co-founders of B Lab” (Goldmark, 2012). The persistence of this group of South American social entrepreneurs demonstrated that there was, indeed, a demand for export and prompted the realization that if B Lab was going to scale the B Corp
concept globally, they needed to start somewhere. B Lab and Sistema B developed a partnership and licensing agreement that would serve as a pilot for B Lab’s global expansion strategy (N. Gilbert, personal communication, May 21, 2015).

4.1.2.1 Partnership Agreement and Launch

Prior to the B Corp concept being introduced in South America, social companies existed but there lacked uniform standards across the different countries. Essentially, the founding entrepreneurs realized that there was a movement, or community, of these social companies in South America that embodied an ideology similar to that of the B Corp. Stemming from the desire to build one global movement, the founders of Sistema B acknowledged the importance of bringing the already established North American concept of the B Corp (the number of certified B Corps reached 500 in December 2011) to South America so as to unite as one movement on the global front. (R. Granthon, personal communication, July 7, 2015)

The partnership agreement was signed in the fall of 2011, after the team of entrepreneurs from Chile, Argentina, and Colombia went to New York to meet with B Lab. At this meeting, they discussed what the partnership would look like, how it would be supported, and how they could all help each other achieve their shared objectives and vision. They established partnership and licensing agreements whereby Sistema B licensed B Lab’s intellectual property in order to grow and serve the community of B Corps in South America. They also established a revenue share between the organizations whereby Sistema B would receive earned income from the certification fees of B Corps within their markets. (N. Gilbert, personal communication, May 21, 2015)

The group returned to Santiago, Chile, where most of them were based, and set up Sistema B as an independent nonprofit, acting as the South American sister organization of B Lab. They were established, largely, as an independent organization with control over their operations and initiatives, focused on developing and engaging the community of certified B Corps in South America. (N. Gilbert, personal communication, May 21, 2015)
Sistema B officially launched in February 2012, with one certified Empresa B, as they are called in Spanish. Thirty more companies from Chile, Argentina, and Colombia became certified in 2012. The founders were very optimistic about the growth potential for the movement in South America, hoping to certify 500 South American B Corps by 2015. B Lab formally announced the partnership at the Clinton Global Initiative meeting in September 2012. Andrew Kassoy, B Lab Co-founder, stated, “Impact requires scale and global reach; by extending the B Corp movement into emerging markets in South America... the B Corp movement will have dramatic impact on the development of more inclusive and sustainable economies” (Ip, 2012).

4.1.2.1.2 Sources of Funding and Structure

Committed to the successful introduction of the concept of Empresas B, the founders essentially worked as volunteers raising philanthropy to support their activities. Financially, they were responsible for generating the funds necessary to establish and grow the organization (N. Gilbert, personal communication, May 21, 2015). Being from different countries with their own respective networks within each, the team of entrepreneurs was able to attract funding from a variety of sources (R. Granthon, personal communication, July 7, 2015). In Chile, a government organization called ‘Corporacion de Fomento de la Produccion’ or the Chilean Economic Development Agency (CORFO), provided support in order to strengthen the Sistema B model and build the community of Empresas B in Chile. ‘Fondo Multilateral de Inversiones’ or the Multilateral Investment Fund (FOMIN), whose stated is mission is to “support economic growth and poverty reduction in Latin America through encouraging increased private investment and advancing private sector development”, provided the necessary funds for Sistema B’s staff salaries (fomin.org). CAF, the Development Bank of Latin America, committed funds to help build a favorable ecosystem through public policies and an agenda for education (sistemab.org). Support from these key partners combined with local fundraising activities generated the necessary funds to successfully launch the organization and set up several in-country offices.

Sistema B headquarters was located in a small office in Santiago, Chile that housed Sistema B International and Sistema B Chile. The international team was comprised of eight members, including two co-founders, and Sistema B Chile employed three people.
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In 2012, there were offices in two other countries—Colombia and Argentina, each having an Executive Director. In 2013, Sistema B expanded into Uruguay. That same year they were introduced to a partner in Brazil that went on to launch in 2014 with a presence both in Rio de Janeiro and Sao Paolo. Each national team was started with funding from the headquarters in Chile and as they grew the community in their markets they were able to access local money, as well as engage in local fundraising activities (R. Granthon, personal communication, July 7, 2015). The organization was guided by an impressive Board of Directors representing each of the key markets in South America.

While Sistema B experienced many of the challenges typical to starting a new organization, they did phenomenally well introducing a new brand to the market (N. Gilbert, personal communication, May 21, 2015). The community of Empresas B grew from 30 at the end of 2012 to 92 in February 2014. This, combined with the fact that the movement was still expanding to other countries in the region, indicated the potential for rapid growth.

4.1.2.1.3 Key Initiatives

The name, Sistema B, was an intentional intimation to the vision of the organization. The founders’ goal was not only to work with companies, but rather take a systemic view of the economy that included working with policy makers and the academic community, among others (R. Granthon, personal communication, July 7, 2015). The organization stated its mission as, “…to build a beneficial environment for those companies that use the power of business to solve social and environmental problems”. Their model was based on a systemic and viral approach that brought together strategic players in order to address societal issues (sistemab.org).

As demonstrated in Figure 2, the organization’s Theory of Change revolved around Communities of Practice, defined as “groups of people with a common passion which interact regularly to improve their practices and articulate conditions favorable to their interests” (sistemab.org). These Communities were tasked with building a shared vision of the economy with social and environmental purpose and the means to achieve it.
Sistema B’s strategy focused on developing and engaging six key components of the developing ecosystem: B Corps, the market, capital, public policy, academia, and opinion leaders. Initially, the organization was focused on developing a strong, diverse community of B Corps and providing this community with a value proposition that would drive them to be better. In the years to follow, they tried to execute a strategy that included building relationships with other actors in the economy (R. Granthon, personal communication, July 7, 2015). This included working with policy makers to promote favorable regulatory frameworks, reaching out to universities to develop empirical knowledge on the subject, and approaching opinion leaders to raise awareness and garner commitment from key audiences. Other key initiatives included creating trading opportunities within the B Corp community and the inclusion of B Corps in major buyers’ value chain, as well as directing impact capital towards B Corps and contributing to the impact investment industry (sistemab.org). Sistema B also engaged lawyers from all over South America in a special project to create benefit corporation legislation that would be similar among the different countries (R. Granthon, personal communication, July 7, 2015).
4.1.2.1.4 Challenges

The systemic approach taken by Sistema B was necessary due to the inherent lack of infrastructure in South America and other developing countries for the social enterprise sector. In South America, social enterprises were there to some extent, but mainly in the nonprofit sector. Impact investing existed, but it was still far behind other developed markets. Thus, it largely fell on Sistema B to build the entire ecosystem. (N. Gilbert, personal communication, May 21, 2015) As demonstrated by their key initiatives, they did not solely work with companies on certification, but they worked to build awareness of socially responsible enterprises in the business landscape, they engaged leaders from public policy and academia; they had to make progress on all fronts simultaneously. This five-pronged approach was very taxing for a fledgling organization.

South America, composed of twelve distinct countries, also lacked a common meaning for the Spanish term ‘empresa sociale’, or social business. For one person, it meant one thing and for another, it meant something very different. Many social entrepreneurs were hesitant to use the term ‘company’ or ‘business’ because they feared that the negative associations would detract from their social mission. Even three years after Sistema B introduced the B Corp to South America, the concept was still not known in certain countries (R. Granthon, personal communication, July 7, 2015). The founders recognized that the B Corp concept had the power to combat the differentiation and unite all socially-minded businesses in one movement and worked vigilantly toward that realization.

Regional challenges continued to be an issue in terms of strategy and legal framework. Each country’s national office had to adapt strategies to fit within their respective cultural conditions; so while they were aligned with the global movement, they needed to execute within the local context. Additionally, working within the local legal frameworks made it very difficult for the group of lawyers working to create benefit corporation legislation that was similar in each country (R. Granthon, personal communication, July 7, 2015).

While the organization was struggling to simultaneously engage purposive actors across all sectors in order to develop the B Corp ecosystem, certified Empresas B
demanded that the movement grow faster. In many countries, there were only four or five B Corps and companies in those countries did not see the benefit of certification because they still sorely lacked the sense of community that was the B Corp movement (R. Granthon, personal communication, July 7, 2015).

With the challenges of starting a new organization combined with the challenges of building all the components of infrastructure for a new sector of the economy across twelve different countries, Sistema B had their work cut out for them.

4.1.2.2 Australia and New Zealand

Around the same time that B Lab signed the partnership agreement that launched its first global partnership with Sistema B in 2012, the B Corp concept was making its way to Australia. Sustainability consultancy, Small Giants; impact investing firm, Net Balance; and project management company, The Projection Room had been searching for a community of like-minded entrepreneurs that were taking the same alternative approach to business. According to Alicia Darvall, Executive Director of B Lab Australia and New Zealand, “They had been searching world-wide to try to find a way to frame the way they did business and… [for] a tribe to identify with” (Personal communication, June 7, 2015). The B Corp movement was that tribe.

Danny Almagor, chief executive of Small Giants, met B Lab co-founder, Andrew Kassoy, at the Skoll World Forum at Oxford and pledged to become the first B Corp in Australia. Small Giants was certified in June 2012 and thereafter, required all its investments to also become B Corp certified (N. Gilbert, personal communication, May 21, 2015). This, combined with the influence of Net Balance and The Projection Room, generated interest and enthusiasm surrounding the B Corp presence in Australia. With influential leaders championing the idea, the growing community of B Corps sought additional support (A. Darvall, personal communication, June 7, 2015).

4.1.2.2.1 Partnership Agreement and Launch

Led by Almagor and Mele-Ane Havea, Director of Portfolio and Projects at Small Giants, they approached B Lab and said, “Look, we need a partnership in Australia to support us and help us grow” (N. Gilbert, personal communication, May 21, 2015).
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With a recently launched pilot partnership in South America, B Lab was not yet ready to commit to a presence in another market. Instead, they encouraged the group of entrepreneurs to continue to build the movement independently with the prospect of entering a partnership at a future date.

Thus, the first year of B Corps in Australia was a voluntarily-led movement by the founding B Corps; they ran workshops and did presentations, providing prospective companies with the information necessary for them to successfully certify (A. Darvall, personal communication, June 7, 2015). This community-driven effort resulted in a founding class of Australian B Corps that was actively dedicated to driving the growth of the movement. Prior to the establishment of a partnership or an official supporting organization, there was a small but strong community of 13 Australian B Corps.

Finally, in August 2013, Small Giants and Net Balance signed the license agreement with B Lab to represent B Lab Australia and New Zealand. This partnership agreement took the same form as the agreement that was first piloted in South America and the organization started operating in 2013. B Lab Australia did not officially launch until early 2014; this delay was strategic for two reasons: 1) it allowed them to launch with a successful movement rather than merely a concept, and 2) they were able to secure B Lab co-founder Bart Houlahan for speaking engagements surrounding the launch. Thus, when B Corp Australia and New Zealand officially launched in 2014, they launched with a strong founding class of 47 B Corps. (A. Darvall, personal communication, June 7, 2015)

4.1.2.2 Sources of Funding and Structure

Upon signing the partnership agreement, the team set out to secure funds in order to establish the organization and appoint an Executive Director. B Lab Australia incorporated as a nonprofit organization and was initially funded by the pooled resources of the local B Corp community (N. Gilbert, personal communication, May 21, 2015). The founders started recruiting a talent pool in June 2013, reaching out to people in their networks with strong business backgrounds in the start-up space. Their initial selection for Executive Director was a great speaker and visionary that was passionate about the B Corp movement, but after twelve weeks in the role, he was
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replaced by Alicia Darvall whose background was more centered on community-building. This move highlighted the integral role of community to the success of the movement. According to Darvall, her strength was “pulling together a diverse group of people to move in the same direction”, and that was the type of person the organization needed at its helm. (Personal communication, June 7, 2015)

Small Giants contributed $200,000 towards Darvall’s salary for the first year and other costs associated with start-up. She worked in a sponsored office, brought her own computer to work, had a small travel budget, and through the first year had no discretionary income (A. Darvall, personal communication, June 7, 2015). The organization expected to break even after three years, whereby it would be funded through the fee-based revenue model. In the meantime, Darvall had to be very strategic with her initiatives. She generated just under $100,000 in launch funds through speaking engagements and events with B Lab co-founder, Bart Houllahan; working strategically with partners with sets of stakeholders that were of interest to B Lab, thereby accessing multiple organization’s databases. Additionally, the organization received funding from Sun Corp, a large Australian insurance company, and had a number of ‘Measure what Matters’ partnerships in the works. (A. Darvall, personal communication, June 7, 2015)

The Board of Directors was composed of key players from the founding class of B Corps and other than the Executive Director, B Lab Australia and New Zealand employed only one full-time and one part-time staff member. Compared to Sistema B, which had 18 employees throughout the region, B Lab Australia seemed desperately understaffed (A. Darvall, personal communication, June 7, 2015). Fortunately, this was combatted by the vibrant community of existing B Corps who played a very active role in recruiting, supporting, and engaging prospective companies. In addition to Small Giants, Net Balance, and The Projection Room, there were companies like Wildwon who frequently hosted events catered to the B Corp movement; Currie Communications who put on a series of seminars to help B Corps talk about why they became certified; the HUB Australia, Vital Consult and many others that helped prospective B Corps through the paperwork process; 5AM Yogurt who put “We are Proud to be B Corp Certified” on all of their yogurts; B Cubed Management Consultants that did B Lab Australia’s bookkeeping; Pangolin Associates that sent Darvall two or three leads a
week—all these great companies, among many more. The community really believed that they were the start of something big and put a lot of time into growing the movement (A. Darvall, personal communication, June 7, 2015).

4.1.2.2.3 Key Initiatives

While growing the number of certified B Corps in Australia was definitely the focus for the first year and remained critical to the success of the movement, Darvall’s second initiative centered on servicing the existing B Corp community. With over 700 businesses having started the B Impact Assessment, Darvall and her volunteer team of founding B Corps had gotten very good at filling the pipeline. It was through talks with Juan Pablo Larenas, Co-founder and Regional Executive Director of Sistema B Chile, that the importance of strengthening the existing B Corp community and helping those companies increase their scores became clear; establishing this as an integral component of building the movement in the years following the initial launch (A. Darvall, personal communication, June 7, 2015).

By shifting the focus of the organization to servicing the B Corp community, B Lab Australia and New Zealand hoped to create a vibrant, thriving community that, through its successes, would in itself encourage other businesses to join the movement. While this would work to continue to grow the number of B Corps in Australia, it would also ensure that companies were seeing tangible benefits from being a part of the movement. With over forty B Corps needing to recertify in early 2016, this focus also worked to put companies in the best possible position to increase their score on the B Impact Assessment. (A. Darvall, personal communication, June 7, 2015)

A third initiative, peripheral to the work of the organization, was that of introducing benefit corporation legislation. B Lab Australia and New Zealand set up a legal policy-making group that had met three times in the first year of the organization’s existence. Through pro bono support from a local law firm, they were working to create a new corporate model through which the B Corp could flourish. This was not without its challenges. (A. Darvall, personal communication, June 7, 2015)
Australian corporate law, based on British law, is set at the federal, not state, level. This put additional pressure on the benefit corporation policy-making group, as they only had one opportunity to introduce legislation to the federal law-making bodies. Due to the high-stakes, the organization recognized the need for extensive lobbying, thereby increasing the timeframe for introduction to up to five years. In the meantime, B Corps in the last phase of the certification process were required to sign a term sheet that outlined and bound them to the legal aspects of the certification. (A. Darvall, personal communication, June 7, 2015)

In addition to the challenges that surrounded public policy, the organization faced the critical challenge of locating consistent sources of funding. Lacking deductible gift recipients (DGR) status, B Lab Australia and New Zealand was very unlikely to receive a substantial flow of philanthropy in the short-term. This status is required for nonprofits in order to solicit donations. Desperately understaffed due to lack of funding, the organization really tested the question, “How much can one person do?” Darvall stated that four staff members would be an optimal number, budgeting to hit three staff members by August 2015. In order to achieve this goal, the organization pushed to secure certification fees from large B Corps, two or three being necessary to pay one staff member’s salary. Darvall’s outlook was just shy of positive, stating, “It’s really skinny and it’s going to be skinny for a while.” (A. Darvall, personal communication, June 7, 2015)

As far as awareness of the B Corp movement in the business landscape and academia, Darvall described the community response as ‘still fairly cold’. In order to draw an audience, Darvall focused her events on ‘Business with a Purpose’ as opposed to exclusively labelling them B Corp events. “I don’t think if I said I’m [doing] a B Corp event I would have gotten an audience; whereas, a ‘Business with Purpose’ event has 80 or 90 [attendees]…” (Personal communication, June 7, 2015). Despite these minor setbacks and hurdles, there seemed to be a strong social enterprise sector in the region with many organizations naturally aligned with the B Corp ideology. This left Darvall and her (small) team with their biggest challenge: getting the B Corp certification to the top of the to-do list of entrepreneurs that are out there changing the world.
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With the strong launch and steady growth of the B Corp movement in Australia and New Zealand, all of a sudden B Lab had a global expansion model that had proved successful in two distinct markets. At this point, European markets were really expressing interest in bringing the community and the movement to their neck of the woods (N. Gilbert, personal communication, May 21, 2015).

4.1.2.3 Europe

The launch of Sistema B in 2012 generated a lot of interest in the B Corp movement from across the globe. Not only were individual companies from different regions initiating the certification process, influential leaders in the social enterprise space were embracing the concept as a very concrete step forward. Marcello Palazzi, Co-founder and President of Progressio Foundation and Founder of Social Venture Network Europe, was one of these leaders. Introduced to the B Corp movement through South American B Corps within his network, he began talks of bringing the movement to Europe in late 2012.

4.1.2.3.1 Partnership Agreement and Launch

Palazzi’s work in the sector goes back 30 years and over 300 projects, with a focus on integrating ethics and values into the very mathematical world of economics. For him, the B Corp model embodied the economic jargon of ‘minimizing negative externalities and maximizing positive externalities through the enterprise’ (M. Palazzi, personal communication, July 10, 2015). In early 2013, B Lab recognized that there was a need and the opportunity to set up a B Lab presence in Europe. They signed the partnership agreement in February 2013 with the understanding that the organization would work to build the initial foundation before an official launch.

The first meetings took place in the fall of 2013 with 50-60 people and the few European B Corps that were certified at that time. The organization was formally started in January 2014, with Palazzi and his partner, Leen Zevenbergen, working full-time to get the ball rolling. Building over a year and a half, B Lab Europe official launched in April 2015 with a founding class of 65 B Corps. (M. Palazzi, personal communication, July 10, 2015)
4.1.2.3.2 Sources of Funding and Structure

B Lab Europe took a different approach to funding and structure than its South American and Australian counter-parts. As opposed to being run as a nonprofit organization, it was set up as a business—getting its initial start with a bit of bootstrapping. The organization employed what Palazzi refers to as a ‘social-commercial’ business model, meaning that it did not generate a high return, but produced at least a 3-4% return per year. The organization also took a unique approach to raising reserve capital. In July 2015, B Lab Europe issued an impact bond with a 4% minimum guarantee that was backed by Palazzi’s Progressio Foundation. This move allowed the organization to raise nearly 300,000 euros in reserves that would be used to finance the business. (M. Palazzi, personal communication, July 10, 2015)

B Lab Europe’s business activities were divided into three parts: 1) certification, 2) advocacy through public policy, and 3) learning and education. Whereas the certification component was the main source of revenue, Palazzi identified public policy and education as areas in which philanthropic funding was preferred. Learning and education was done through business schools and universities, and thus, funded through foundations. Therefore, B Lab Europe’s model as a whole was divided 75% commercial and 25% philanthropic. (M. Palazzi, personal communication, July 10, 2015)

The organization hired Hubertine Roessingh as Executive Director and expected an intern in the summer of 2015. They also announced that Nathan Gilbert, a key staff member from B Lab’s New York office and Director of Global Partnerships, was relocating to Amsterdam in October 2015. In order to assist in the assessment of European companies, B Lab Europe hoped to hire two Amsterdam-based standards analysts, aiming to reach a total number of 5 staff members by the end of 2015. (M. Palazzi, personal communication, July 10, 2015)

Given the population and diverse countries that comprise Europe, the organization recognized the need for a partner in each country. Using the same rationale B Lab employed when designing its global expansion model, B Lab Europe acknowledged the importance of local expertise when operating in a region with different languages and
cultures. Such country partnerships were started in the Netherlands, France and Germany. By 2015, the organization had signed partnership agreements in twenty countries throughout Europe and was working to cultivate additional relationships. The majority of in-country partners were B Corps themselves, like French partner UTOPIES, a think-tank and consultancy that promotes sustainability within the French and European business world, or Italy’s Nativa which is a catalyst for the business evolution towards sustainability; other partners included business schools, sustainability consultants, and impact investors (bcorporation.net). The key criteria for B Lab Europe’s partners was that they shared the vision and culture of the B Corp movement. Each partner was responsible for employing people and providing the local infrastructure for the partnership to work. With each partner having two or three people actively working for the B Corp movement, when added up, B Lab Europe had a sizable number of employees. (M. Palazzi, personal communication, July 10, 2015)

4.1.2.3.3 Key Initiatives

The country partner’s primary role was to support companies in their assessment phase, helping companies navigate the entire process. Secondary to the certification process, partners also helped to connect the existing B Corp community through organized meetings throughout the year. Finally, partners worked within the wider B Lab Europe ecosystem to identify and approach prospective B Corps. The organization established an Advisory Board comprised of nearly 30 members that facilitated such introductions. (M. Palazzi, personal communication, July 10, 2015)

Alongside growing the community of B Corps through its country partners, B Lab Europe worked to advocate for the B Corp movement through public policy. The organization engaged a number of cities in Europe to work with city mayors and local authorities to create a campaign similar to that of B Lab’s ‘Best for NYC’ campaign. Cities such as Amsterdam, Rotterdam, Geneva, and Paris reached out to businesses, encouraged them to use the B Impact Assessment to measure and benchmark their business practices, rewarding those that made a commitment to seeking ways to improve their score. (M. Palazzi, personal communication, July 10, 2015)
The third initiative, learning and education, was pursued through participation in speaking events and university partnerships. The organization’s leaders were involved in countless events and conferences, speaking on corporate governance and what the B Corp movement was doing with the aim of affecting public policy. Both Zevenberg and Palazzi did extensive work with universities and the organization engaged a handful of the top business schools in Europe to work with their programs. Palazzi designed an executive program based on B Corps which he would debut at Stanford in the fall of 2015 and subsequently take to schools across Europe. (M. Palazzi, personal communication, July 10, 2015)

4.1.2.3.4 Challenges

The varying legal framework of over twenty countries in Europe posed a challenge to the legal aspect of the B Corp certification. While Linklaters did a survey of Europe and found that in most countries companies could practice the spirit of a B Corp within existing legislation, the variations created issues surrounding the point allocation in the B Impact Assessment. In very advanced countries, like Denmark and Sweden, some of the issues addressed in the Assessment were already part of legislation and companies only received credit for initiatives that went beyond what was required by law. This meant that companies operating in certain countries had to score higher in other areas in order to ‘compensate’ for progressive laws within their country. With over 60 versions of the B Impact Assessment, it was a flexible system with good standards that were ever-evolving to meet country-specific circumstances. A uniform legal framework would help to combat this issue and there were a number of members of parliament that were working with B Lab to propose B Corp legislation in their respective countries. (M. Palazzi, personal communication, July 10, 2015)

When asked about challenges to the movement, Palazzi responded quickly, stating, “We really don’t have any challenges. The only challenge we have is that we’re going to grow very fast.” This rapid growth made it necessary to build an organization that could withstand and support such development. Through the establishment of an extensive network of country partners, an active Advisory Board, and the engagement of business schools and universities throughout the region, B Lab Europe sought to
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cement the foundation from which the movement could take off. (M. Palazzi, personal communication, July 10, 2015)

4.1.3 Looking Towards the Future

By 2015, the movement had reached 1,358 B Corporations in 41 countries across 121 industries (bcorporation.net). With the official launch of three global partnerships representing over 30 countries worldwide, B Lab had established a network of global partners that were facilitating and driving the growth of the movement throughout the world (N. Gilbert, personal communication, May 21, 2015). B Lab looked to expand its global presence and strengthen the international community of B Corps through the establishment of additional global partnerships. B Lab UK had signed a partnership agreement with plans to formally launch in September 2015 and B Lab had a partnership partially underway with Portugal that would oversee Portuguese-speaking African countries as well (N. Gilbert, personal communication, May 21, 2015). 2014 marked the first year that more B Corps were certified outside of the U.S. than inside the U.S. and that trend was predicted to continue. While the U.S. B Corp community had seen substantial growth over the last eight years, it was beginning to plateau at a number just over 800. Meanwhile, due to the establishment of these global partnerships, the international community of B Corps demonstrated rapid growth and acceleration. (N. Gilbert, personal communication, May 21, 2015)

B Lab recognized that while each partner organization was a part of the global movement, the local execution of initiatives would differ from region to region, country to country. The aim was to create a distributed network of leaders, one in which everyone was empowered. As ‘co-leaders’ of the B Corp movement, global partners shared best practices and learned from one another, as all were working toward the common goal. Acknowledging that where the community of B Corps was strongest in terms of numbers and participation was where there were active partnerships, B Lab embraced the need for stewards of community. These leaders propagated the spirit of the B Corp movement in their respective markets and worked to create the vibrant community of B Corps that B Lab had envisioned. (N. Gilbert, personal communication, May 21, 2015)
Nathan Gilbert believes that all markets had a hunger for this type of certification and community. He pointed out that, in both developed and emerging markets throughout the world, there were companies using business as a force for good with the presence of the initial building blocks of the supporting ecosystem. Sistema B was an important partner for the B Corp movement, as it demonstrated that the B Corp concept was truly global in nature and that it could have a profound impact in emerging markets. B Lab continued to work on an expansion plan that cultivated relationships in Sub-Saharan Africa, Asia, and India with the hope that by 2016 there would be new regions supporting the B Corp community. (N. Gilbert, personal communication, May 21, 2015)

B Lab is not a compliance-driven organization, but an aspirational organization (M. Palazzi, personal communication, July 10, 2015). The movement, in its very nature, inspires businesses to be better. Thus, in the coming years, B Lab hopes to do many activities and campaigns centered on driving companies to utilize the free B Impact Assessment tool. This allows all businesses to measure their social and environmental impact, benchmark their impact against similar companies, and begin to take measures to improve their score (N. Gilbert, personal communication, May 21, 2015). As B Lab Europe’s Marcello Palazzi idealizes, “If you take it further and imagine a world where every company is a B Corp, it is a world where many of the issues we face now will not be there, because it is a world where issues are addressed at a micro level” (Personal communication, July 10, 2015)

4.2 The Framing of the B Corp Movement

The B Corp movement is unique in that it is a movement that promotes societal change through redefining the purpose of business. In a world where business and society have grown to become two very distinct realms, with civil society and government organizations responsible for addressing social or environmental issues and corporations seemingly solely responsible for generating profits. This movement unites a wide-range of actors working towards the common goal of bettering the world through business. This section works to identify a pattern in the internationalization of the B Corp movement based on the above narrative, putting forward three tentative hypotheses as to what main factors contributed to its global expansion. Employing the
social movement theory of framing, it will demonstrate support of these hypotheses using the various framing processes to analyze the development and diffusion of the complex B Corp frame and further exploring how shared ideas drive action.

4.2.1 Pattern and Hypotheses

Beginning with the emergence of the B Corp concept in the United States, the idea arose among a group of friends who had similar values and had experienced first-hand this tension between maintaining principles and generating profits. Through their networks of like-minded entrepreneurs and organizations such as SVN and BALLE, they identified the core issues and developed a new concept, a new corporate form, and the necessary infrastructure to support this. They created an organization, B Lab, with three interrelated initiatives centered on supporting companies that were committed to generating positive social, environmental, and community impact in addition to profit. They launched the movement at a BALLE conference with a group of 19 founding B Corps varying in size and operating in a diverse range of industries, demonstrating that the certification created a support network that worked to unite all sustainability-related initiatives in one movement.

The subsequent global expansion of the B Corp concept was largely community- and network-driven. The B Corp movement was directly in line with the initiatives of Canada’s MaRs Discovery District, making it a natural fit to support the growing community of Canadian B Corps. Entrepreneurs from South America had independently reached the idea of a similar business certification in response to the growing presence of social companies in their region. Through their research, they discovered the B Corp concept and accepted this idea, or this meaning, as reality. Recognizing the importance and strength of a single, unified certification, they opted to bring the B Corp movement to their respective markets. Similarly, the Australian team discovered the B Corp concept and set about working to build a strong, vibrant community of these companies throughout Australia and New Zealand. As like-minded entrepreneurs from across the world began stumbling upon the B Corp movement in their search for a ‘tribe’, the B Corp became the concrete definition of what these entrepreneurs were already doing. B Lab gave this new business model a name, uniform and rigorous standards, and created a sense of community among these diverse
companies. The spread of the B Corp movement from the U.S. to South America, Australia, and Europe was facilitated both by existing networks of entrepreneurs working within the relatively small impact space and by the ever-growing community of certified B Corps that sought to change the world of business and society.

Based on the data from the narrative, the global expansion of the B Corp movement surrounds the key themes of community and values. As demonstrated through the primary initiatives of each of B Lab’s partners, the primary goal of the organization is that of building a strong community of B Corps united across the world in a shared ideology. Thus, this paper puts forth three tentative hypotheses relating to the key factors contributing to the expansion of the B Corp movement throughout South America, Australia, Europe, and beyond:

1. *The core components of the movement appeal to the existing ideology of a wide-range (and growing number) of stakeholders.*
2. *A strong bond exists among individuals that share this ideology as it goes against the prevailing norm in business.*
3. *The movement provided the first concrete definition of what this ideology looks like within the current capitalist structures.*

These hypotheses are supported by the key tenets of framing theory as outlined in further detail in the following sections.

### 4.2.2 The B Corp Frame

When looking at the framing of the B Corp movement, the development and subsequent diffusion of the shared idea of using business as a force for good becomes a rather interesting phenomenon. Frames are constructed by the negotiated shared meaning of a condition or situation that is in need of change and the complex nature of the problem the B Corp movement aims to address creates multiple layers of framing that will be examined in more detail.
This section will provide specific examples as to how the B Corp frame was created through the three core framing tasks of diagnostic, prognostic, and motivational framing; as well as the overlapping discursive, strategic, and contested processes.

**4.2.2.1 Framing Tasks**

Diagnostic framing, the first step of the framing process, is centered on problem identification and attribution. In the case of the B Corp movement, the co-founders came to a shared definition of the problem, each arriving in different ways. Coen Gilbert and Houlahan built a values-based company, only to watch those values be stripped away by new owners. Thus, the problem was the lack of legal protection for companies wanting to maintain a social or environmental mission as opposed to solely pursuing profit-maximizing activities. For Kassoy, coming from the world of investment banking and as a mentor for struggling social entrepreneurs, the problem revolved around attracting the right kind of investors for these companies in order for them to scale while maintaining their mission. The trio realized that these problems stemmed from the lack of infrastructure in place to support this new sector of the economy and that this could be attributed to a seemingly outdated corporate model.

The next phase of framing occurred during the year B Lab’s three founders spent investigating the issue. Through networks like SVN and BALLE and speaking with entrepreneurs and investors working in the space, the trio developed the three fundamental components necessary to support a more social and environmentally beneficial economy. The prognostic phase set forth the proposed solution, as well as strategies for carrying out the plan. This included a set of standards to be used by consumers, investors, and policymakers to identify ‘good businesses’; a legal framework that allowed companies to maintain their social or environmental mission as they brought in outside capital; and a brand that brought these companies together so as to create a collective voice. It is important to note that this solution requires a strategy that involves and appeals to a wide-range of actors from various sectors.
The third framing task, motivation framing, refers to the construction of vocabulary used to mobilize support in the movement. B Lab developed its Declaration of Interdependence, employing vocabulary such as:

*We hold these truths to be self-evident: That we must be the change we seek in the world; That all business ought to be conducted as if people and place mattered; That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.* (bcorporation.net)

The organization frequently uses the slogans “B the Change”, “Measure what Matters”, and “Profit with a Purpose”; and these are echoed throughout the world by B Lab’s global partners. They encourage companies to be “Best for the World” and have campaigns like “Best for NYC” which challenge cities to reach out to businesses and encourage them to employ better practices. The leaders constructed vocabulary that echoes their core values and resonates with individuals who believe that business can, and should, be used as “a force for good”.

### 4.2.2.1.2 Framing Processes

The discursive processes affecting the generation of the B Corp frame pertain to the communication of movement members as demonstrated either through frame articulation or frame amplification. Frame articulation can be seen in how the founders and subsequently, the organization connected and gave importance to certain events in order to communicate the basis for the movement. The story of AND1 provides an ideal introduction to the concept of the B Corp and is used repeatedly in presentations, case studies, periodical articles, and even the interviews conducted for this paper. The experiences of the founders were assembled in a way that provides an alternative view of the purpose of a corporation and demonstrates the importance of identifying and fostering the growth of ‘good’ companies. Frame amplification refers to the accentuation of specific issues or events and can be seen in B Lab’s emphasis on community and the aspirational character of the organization. This is demonstrated through the organization’s branding and other marketing materials. Amplifying these aspects of the frame works to construct the collective identity of the movement and emphasizes the altruistic nature of the goal the community is working to achieve.
Strategic processes, also known as frame alignment processes, refer to frames that are developed to achieve a specific purpose and are generated through frame bridging, frame amplification, frame extension, and frame transformation. B Lab has done exceedingly well at aligning its various frames with key actors and groups so as to broaden the scope of the movement and its potential adherents. The first process, frame bridging, refers to the linking of two ideologically congruent but unconnected frames. B Lab bridged its framed initiatives to the Rockefeller Foundation by committing to create necessary impact investing infrastructure from its B Impact Assessment; thereby linking the community of B Corps to impact investors and subsequently receiving a $500k grant. The organization also actively works to connect with the academic community so as to generate interest and drive research in the field of social business, as well as linking to public policy makers to promote benefit corporation legislation and encourage participation in campaigns that drive businesses to utilize the B Impact Assessment. Strategic frame amplification refers to the idealization of existing values and is a key factor affecting whether or not a proffered frame resonates with potential adherents (Benford and Snow 2000, p. 624). As demonstrated throughout the narrative, values are a core component of the movement and these values are shared throughout the impact community. Frame extension refers to extending the frame beyond the primary interests of the organization and in the case of the B Corp movement, the frame can be extended to anyone occupying the earth. The aspirational nature of the movement is reflected and communicated through businesses working to be “Best for the World”, and this, it can be argued, is in the best interest of everyone. Finally, frame transformation involves the changing of old definitions and/or the generation of new ones. This is most obviously seen in the organization’s commitment to “redefine success in business”, a phrase used in abundance.

Lastly, contested processes represent the fact that meaning construction through the means of framing is always challenged by differences in society regarding the accepted definition of certain aspects of reality. There are those, such as Friedman, who would argue that the only social responsibility of business is to generate profits. The altruistic nature of the movement leaves little room for popular criticism of its attempt to work towards a better world.
4.2.2.2 Overview of the B Corp Frame

While the key problem B Lab seeks to remedy is the lack of support and infrastructure for this new social sector of the economy, it also indirectly addresses the problems out of which this sector arose. Problems such as environmental degradation, human rights violations, and lack of transparency have all been attributed to ‘profit at any cost’ capitalism. The social enterprise sector works to reintegrate ethics and values into the corporate model, working towards a triple bottom line that includes planet and people in addition to profit. B Lab does not seek to narrowly define the issue it aims to address, utilizing generalized terms to express its mission. The website states, “B Lab is a 501(c)3 nonprofit that serves a global movement of entrepreneurs using the power of business to solve social and environmental problems” (bcorporation.net). This broad framing of the issue works to appeal to a wide-range of stakeholders.

B Lab put forth a very concrete strategy that aims to strengthen and support the social enterprises that are attempting to solve, or at the very least minimize, these problems. The solution provides support to social companies through establishing a certification with uniform standards that embody their core values and fosters a sense of community, while simultaneously working to create the infrastructure necessary to provide legal protection and the capital to scale these businesses while maintaining their social or environmental mission. The organization also developed a semi-ambiguous vocabulary set to drive participation and support. Phrases like “B the Change” and “Measure what Matters” resonate with a wide-range of actors due to their altruistic charm; thus, contributing to the broad appeal of the movement.

Additionally, due to the broad scope of the issues the organization both directly and indirectly addresses, B Lab’s frame is ideologically congruent with that of a number of external actors. B Lab was able to align itself with key stakeholders that included large foundations, impact investors, conscious consumers, forward-thinking public policy makers, and even academic institutions. The values driven nature of the frame appeals to the existing ideology of potential adherents across the globe, exponentially increasing the audience with which the frame resonates.
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All in all, the B Corp movement is fueled by a broad framing of social and environmental issues, whereby ‘good’ businesses built around a shared ideology and distinguished by the B Corp certification can drive the change necessary to redefine the role of business in society and create public benefit the world over.

4.2.2.3 The Diffusion of the B Corp Frame

The framing of the B Corp movement as a global phenomenon is reliant on its diffusion across countries and cultures. Framing literature acknowledges that the diffusion of frames is most effective when only one party in the process takes an active role. In the case of the diffusion of the B Corp frame, the approach was that of strategic selection or adaptation whereby there was an intentional cross-cultural borrowing of frames. In the narrative depicted, the importers were teams of entrepreneurs in South America, Australia, and Europe that assumed the active role in strategically adapting the frame to their respective contexts and cultures. While the execution varied slightly from region to region, the key framing of the issues and the solution remained the same. Each partner maintained the core frames and worked to engage in the other framing processes within their specific contexts. Sistema B worked diligently to bridge its frame to that of local universities, establishing an internal initiative called Academia B dedicated solely to engaging the academic community. B Lab Europe actively worked to align its frame with that of local cities, reaching out to Paris, Geneva, and Amsterdam to initiate a “Best For…” campaign within each municipality.

The successful diffusion of the B Corp frame to markets in South America, Australia, and Europe is demonstrative of B Lab’s ability to develop a definition and put forth a solution capable of being shared and embraced throughout the world.

4.2.2.4 Support of Tentative Hypotheses

The above sections applied framing in a broad sense to understand and explain the development and dissemination of shared ideas across the globe and how this manifested in terms of the B Corp movement. This paper put forth three tentative hypotheses based on patterns identified in the B Corp narrative and this section demonstrates how each is supported by core tenets of framing.
1. *The core components of the movement appeal to the existing ideology of a wide-range (and growing number) of stakeholders*

The first of these hypotheses is directly stated as a key factor affecting whether or not constructed frames resonate with potential movement adherents. This idealization of existing values and beliefs is deemed necessary for most movement mobilization efforts and worked effectively to engage a diverse group of supporters in the case of the B Corp movement. B Lab worked with potential adherents from the beginning to construct a meaning that reflected broad consensus in the social enterprise sector concerning the issues at hand and their role in shaping the solution.

2. *A strong bond exists among individuals that share this ideology as it goes against the prevailing norm in business.*

Rooted in their belief that business can be used as a force for good, B Lab was able to unite businesses across the spectrum of size and sector to create a thriving community of like-minded individuals working to redefine the role of business in society. Framing processes not only link individuals and groups ideologically, but are central to the linkage between individual and collective identities; collective identity being a key contributing factor to the strength of movements. While it is not supported in framing literature that this collective identity is stronger because movement adherents are working to change the prevailing norm, it can be argued that this demonstrates an unwavering commitment to such values, thus facilitating deep trust in the movement and its supporters. In this, ideology functions as a resource in the framing processes providing the basis for the amplification of the movement’s core frames which create a strong collective identity and sense of community among its adherents.

3. *The movement provided the first concrete definition of what this ideology looks like within the current capitalist structures.*

Working within the realities of potential adherents, B Lab’s definition of the situation and the solution provided a tangible grasp of a concept that has been developing over the last two decades. The B Corp frame works to utilize the extant stock of meanings and practices within the business realm combined with a strong ideology that exists independently in society to construct a new meaning in the form of a different approach
to business. As Marcello Palazzi has observed in Europe, “I see a lot of players over the last twenty years coming towards B Corp, because B Corp is very concrete. It’s very hands on” (Personal communication, July 10, 2015). At a time when individuals across the globe were looking for a solution to the problems commonly attributed to the profit-oriented shareholder capitalism, the B Corp movement provided a concrete step toward a more social and environmentally beneficial economy.

5 Discussion

The B Corp movement is unique in that it works to drive societal change through the repurposing of existing capitalist structures. The broad framing of the issues and systemic solution put forward by B Lab aligns the movement with a wide-range and growing number of stakeholders. This frame leverages the values and ideology that fuel social movements while providing a solution capable of appealing to the rational, utility-maximizing thinking that currently dominates the world of business. This and other implications of the framing of the B Corp movement related to the key factors that contribute to its international expansion will be explored in further detail below.

5.1 Implications

The key contributing factors of the B Corp’s rise on the global stage throughout the last few years largely revolve around its appeal to an existing ideology shared by a small, yet growing, group of entrepreneurs throughout the world. The vast majority of the 1,358 B Corps certified to date were operating in the spirit of a B Corp prior to the existence of the term or the standards that substantiate it. Through organizations like SVN and BALLE, the founders were able to identify and reach out to leaders in the space in order to tap into a network of companies that already embodied the ideas that they would later define as the key attributes of a B Corp.

Similarly, the regions in which the movement gained the most traction in terms of number of B Corps and the development of partner organizations witnessed a relatively strong presence of socially responsible companies. As Alicia Darvall, Executive Director of B Lab Australia and New Zealand, observed, “There is a great percentage of businesses in Australia that the idea of… ‘profit with a purpose’ really resonates
with… I feel I’m still in the scenario where I’m finding people who are already operating as B Corps” (Personal communication, June 7, 2015). The current B Corp community is largely comprised of companies whose practices were already aligned with the B Corp ideology. This is reflected in the organization’s initial focus centered on growing a strong community of B Corps, bringing these businesses together, united as one movement throughout the world. In order to experience additional growth and increase its impact, B Lab and its partner organizations will have to put forth additional frames that work to persuade companies to commit to the transformation necessary to become a B Corp.

The next phase of growth of the B Corp movement in developed markets is centered on this transformation. Through the dynamic process of framing, the organization will need to develop new frames highlighting a strong business case for certification. This can already be seen in the organization’s campaigns centered on driving all businesses to utilize the B Impact Assessment as a tool. Nathan Gilbert views this as even more important than the certification, stating, “…what we’re going at as an organization [B Lab]…we want all businesses to measure their social and environmental impact and start on this journey” (Personal communication, May 21, 2015). This highlights the transformation phase of growth, attracting businesses interested in increasing their positive impact on society for a broad range of reasons. For example, the “Best For…” city campaigns create a competitive motive by rewarding businesses who make commitments to improve their impact through changing their business practices. In the coming years, B Lab will need to put forth frames that drive this next phase of growth.

With hopes of expanding to regions such as India and Sub-Saharan Africa in the coming years, B Lab may have to develop a different approach than it has taken in the past. An issue of key importance when looking to expand into emerging markets is the lack of infrastructure for the impact space. With the absence of networks like SVN, impact investors, and a strong presence of socially responsible companies, B Lab will need to play a more central role in facilitating the diffusion of its frames to these regions. Thus, the organization may want to focus efforts on first developing the key components of the ecosystem necessary to support or facilitate the growth of a community of B Corps, working sequentially to lay the foundation from which the movement can grow. Taking a systemic approach, similar to that of Sistema B in South America, works to strengthen
the movement on all fronts, but without a strong existing community of entrepreneurs willing or able to lead and adapt such initiatives within the local context, the B Corp movement may be ‘lost in translation’.

5.2 Limitations

Due to the interpretive nature of history it cannot be claimed that the presented narrative is absent of bias. The narrative was constructed based on interview data collected from four key players, thus other interpretations of events may offer a slightly alternative reality. The collective reality of the subjects interviewed, in addition to supporting source material, provided the basis for the observation and pattern identified contributing to the hypotheses put forward. A critique of the use of historical narrative centers on the belief that the academic reconstruction of the past cannot contribute to ends of practical interest in the present. Thus, it could be argued from this viewpoint that the pattern and subsequent hypotheses have no value in relation to B Lab’s strategy going forward.

Additionally, this paper’s focus on the development and dissemination of shared ideas and meaning through the social movement theory of framing does not take into account material forces beyond how human interpretation of them shapes ideas. Thus, resources and other factors that are otherwise theorized as factors related to social movements were not explored in this research.

6 Conclusion

This paper set out to identify key factors that contributed to the growth of the B Corp movement in the United States and its subsequent expansion throughout South America, Australia, and Europe. Through the construction of a narrative outlining the movement’s growth, the paper identified a pattern and put forth three tentative hypotheses. These identified the key factors contributing to the B Corp movement’s international expansion as: its appeal to the existing ideology of a growing number of stakeholders, the collective identity B Lab created among B Corps through its emphasis on community, and the first-mover advantage the B Corp experienced being the first concrete conceptualization of this ideology. While the movement will continue to
experience growth in the short-term as it expands to other regions throughout the world through global partnerships, the next phase of growth will place an emphasis on transformation and B Lab will have to develop alternative frames to engage future adherents.

As social responsibility and sustainability trends continue, more and more businesses, policy makers, consumers, and thought leaders will identify the B Corp as an integral part of the solution to many of the challenges the world faces. As the movement grows, it will drive the change necessary to create a more social and environmentally beneficial economy; one in which businesses create value for society and not just for shareholders. The collective success of the B Corp movement will not only redefine success in business, but redefine the role of business in society. This is indeed a historic movement.
REFERENCES


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APPENDICES

Appendix A: B Corp Certification Documents

This appendix includes the B Corp Declaration of Interdependence and an example of the Term Sheet.

The B Corp Declaration of Interdependence

DECLARATION OF INTERDEPENDENCE

We envision a global economy that uses business as a force for good.

This economy is comprised of a new type of corporation – the B Corporation – which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As B Corporations and leaders of this emerging economy, we believe:

That we must be the change we seek in the world.

That all business ought to be conducted as if people and place mattered.

That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.

To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.
Term Sheet for Certified B Corporations™
For LLCs, partnerships, and corporations in states with constituency statutes

Introduction
This document outlines the terms for certification as a B Corporation™.

B Lab is a nonprofit organization dedicated to using the power of business to solve social and environmental problems. B Lab drives systemic change through several interrelated initiatives:
1) Building a community of Certified B Corporations to make it easier for all of us to tell the difference between 'good companies' and just good marketing;
2) Passing benefit corporation legislation to create a new corporate form that meets higher standards of purpose, accountability, and transparency;
3) Driving capital to higher impact investments through use of its impact ratings and analytics platform; and
4) Offering businesses the B Impact Assessment as a free, powerful tool to measure, compare, and improve their social and environmental performance.

Certified B Corporations meet high standards of social and environmental performance, accountability, and transparency, building collective voice for a global movement to redefine success in business through the power of the unifying B Corporation brand.

Governance Overview
B Lab is governed by an independent Board of Directors and the performance standards used to certify B Corporations are governed by an independent Standards Advisory Council. Membership of both is transparent and available at www.bcorporation.net. All submissions for B Corporation™ certification will be reviewed by B Lab; acceptance into and continued participation in the B Corp community is at the sole discretion of B Lab and its Board of Directors.*

Terms
B Corporations™ who earn certification will:

* Be certified for a two year term beginning the date of certification

* Meet performance standards:
  - Submit completed B Impact Assessment for review and earn a verified score of at least 80 points (out of 200).
  - Attach all required documentation to complete their B Impact Assessment™ Submission.
  - Submit to an on-site review of the company’s B Impact Assessment if selected**
A.K. Harriman

- Meet transparency requirements:
  - Make available on www.bcorporation.net and B Analytics the Company’s Impact Report upon certification and re-certification. In addition, if B Lab identifies one or more items in the Disclosure Questionnaire or in a background check of the Company and its senior management that, while not affecting the Company’s rating, B Lab believes merit further transparency, the Company will be notified to provide incremental disclosure on its B Impact Report on www.bcorporation.net.
  - The Company is not required, but may elect incremental transparency of its full Assessment on www.bcorporation.net.
  - Transparency requirements in this Term Sheet supersede any non-disclosure agreements.

- Meet the legal standards for B Corp certification:
  - Have begun the process for adopting the B Corp Legal Framework or electing benefit corporation status by the date of certification (e.g. have had conversations with Board chair, counsel, or key shareholders, indicating support for said adoption);
  - Obtain Board (or other governing body) and subsequent Shareholder approval to adopt the B Corp Legal Framework or benefit corporation status and submit a copy of the Company’s amended governing documents within 90 days of certification (up to 1 year for corporations);
  - If the Company does not complete the legal change in said timeframe, the only effect will be that the Company will not be eligible to recertify for another term.
  - In the event of a change of control of the Company, including a public offering, the Company is required to recertify within 90 days of the effective date of the change of control.

- Abide by intellectual property requirements:
  - Use B Lab’s intellectual property, including but not limited to the name “Certified B Corporation”, and the “B Corporation” Seal, consistent with the ‘Brand Usage Guidelines’ provided by B Lab.
  - Allow the Company’s names and logos to be used by B Lab for the limited purpose of promoting the community of B Corporations.

- Sign the B Corporation” Declaration of Interdependence as a symbol of its commitment to our shared collective purpose.

- Pay B Lab an annual certification fee based on the tiered structure below:

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Appendix B: Interview Data

This appendix contains interview protocol and selections from four interviews conducted with key staff members of B Lab and its global partners in South America, Australia, and Europe.

Interview Protocol

An interview was conducted with each one of B Lab’s launched global partners—B Lab Australia & New Zealand, Sistema B (in South America) and B Lab Europe. An interview was also conducted with Nathan Gilbert, B Lab’s Director of Global Partnerships. The interviews were of a duration of 45-60 minutes and were conducted during May-July 2015. All interviews were completed via Skype and were recorded and later transcribed. The interviews took a semi-structured form, allowing the interviewees to communicate their ideas and values alongside those of the organization. The general interview outline began with the personal background of the interviewee and what drove them to get involved with B Lab on a personal level, thereby tapping into their personal motivation for joining the movement. Subsequently, the subject moved on to the process undertook in order to launch the individual region’s organization. This included the timeline of the launch, key actors, critical events, sources of funding throughout the process, and the organization’s key initiatives. Throughout this, if any challenges emerged, the interviewee was asked to elaborate on how those may have affected or may continue to affect the organization’s development.

Transcription of Recorded Interview with Nathan Gilbert (Selections)

May 21, 2015

**AH:** To start with, I would like to know your personal background and your motivation for getting involved with B Lab.

**NG:** So I’ve been working with B Lab for 4.5 years, joined at the end of 2010, not starting on global partnerships, joined in NY to work closely with Andrew Kassoy on supporting him in all the activities in front of him which ranged from legislation, the initiative on capital markets. Also started doing a bunch of development work for B Lab—grant writing, fundraising. [B Lab is registered as a] 501c nonprofit here in the
U.S., predominately philanthropically supported. We have a business model, we do have earned income from certification fees, but until we scale we will still rely on a lot of that as well.

Before B Lab, I went to graduate school for non-profit management. I come out of the international development space. Before grad school I spent a lot of time out of Eastern Europe. First, as a Peace Corp volunteer teaching English and then I was working for civil society organizations in the Balkans, and that was the trajectory that I thought I was on. In my experience living in Serbia and working with organizations there I got increasingly frustrated with this top-down model of USAID funding, you know they were supporting great organizations and the people on the ground were doing great work but they were constantly chasing funding and when USAID changed their mind about what their interests were or what their priorities were, these organizations had mission drift and were constantly chasing different funding sources which was difficult for them. So I was interested in looking into how organizations could be more self-reliant, as perhaps a social enterprise, and have some source of earned income. And that could of course can be as a non-profit or a for-profit. At that moment I wasn’t so much interested in business, I was just interested in self-resiliency for organizations. So that brought me back to the U.S. and I got a Master’s in non-profit management and in that time I got more interested in sustainability and social entrepreneurship and eventually found my way to B Lab.

And then in terms of B Lab’s history, I don’t know how much you read about, but you were asking about the emergence of B Corps in the US. The story is interesting and I will do the best I can do to summarize it in a short amount of time. B Lab has been around for about 9 years, got started in 2006, but really the first certified B Corps joined us back in 2007.

AH: I am familiar with that, did [the idea] come about because of impact investing or was it on the other side of things, the business side?

NG: Yeah, so the history is there are three co-founders of this organization—Andrew, Jay and Bart. They all went to Stanford together and have been friends since. Two of them went into the private sector and started a footwear and apparel company, AND1,
you might have read this. And Andrew Kassoy was an investor on Wall Street and he was also one of the first investors into AND1. They grew that company from a small, in your garage, trash-talking T-shirt business to a $250 million brand competing with Nike and Reebok and some of the big basketball shoe players. By no means was AND1 a social enterprise, but it was a company that was run with values and the founders, you know Jay and Bart, tried to bring to the company their personal values. Largely, that revolved around being better for workers, working through their supply chain on environmental issues and really trying just to do good with the company. The struggle they found as they grew their business and took on outside investors was that it was harder and harder to maintain those good practices because the purpose of the company was to maximize shareholder value. So when you’re playing with other people’s money, it isn’t easy to give money away to charity or to do more work on environmental issues and things like that. And when they sold the company, I can’t remember the year, all of those good practices were pretty much stripped away and that was really disheartening for them. To see the company they grew from nothing to get turned into a company that didn’t really align with their values and what they really wanted to do with it. So anyway they paid fair price and they were moving on in their careers. The story goes they were trying to figure out what was next, they really, based on their experience, wanted to figure out a way they could help scale companies and help them maintain mission. They first thought, maybe we’ll start another company, and you know, run it with values and good practices. Or maybe what we need to do is actually start a fund and invest in a lot of companies and help them grow and maintain mission. How do you then actually identify good companies from those that just say they are doing good? There are some core elements that are missing that are necessary to accelerate these types of companies in this sector of the economy. Those were standards and those were legal. And on the standards side, you know, we need to be able to differentiate good companies from those that just say they are doing good. So we already have great product certifications, industry certifications, like organic, fair trade and LEED. We need the company certification. We need to evaluate the company as a whole. To know that the company behind the products, behind the services is actually a good company. And then on the legal front, we actually need to change the DNA of the business. We really want to empower executives and officers to be able to consider stakeholder interests, we want to protect that decision-making and we also want to
authorize that, to say you’re now in power to think about other interests, not just shareholder interests, and you’re going to be protected in making those decisions that might not necessarily benefit the bottom line and maximize shareholder value. And so coming out of that, you know, the certification was born. That we’re going to have a certification that has two requirements: a performance requirement, you have to meet a minimum bar on an assessment, and you have to change the legal DNA of the company. And that legal change takes a variety of different forms, it could be an amendment to your articles of association, if you’re an LLC you can largely do that through an amendment process. If you’re a corporation, you could also do the amendment in some states because corporate law is governed at the state level, you’re not able to do that, in those states the purpose of the corporation is to maximize shareholder value. In those states we recognize that there needs to be additional legal infrastructure, and we then created a new corporate form called the benefit corporation, which I’m sure you’ve read about. That also has taken off in its own direction to become new legal infrastructure for all companies whether they get certified or not, but important in that it supports the certification and for a lot of our B Corp community that’s the form that they’re now adopting because they want to be able to have that permission to consider stakeholders as well as shareholders. Let me pause there and see if you have any questions. That is kind of a little bit about the emergence of the organization and the certification. Are there other elements to that that you want me to talk about?

AH: Were there any external drivers, like Social Venture Network?

NG: Well, I think, yeah, exactly. Obviously, they didn’t just have that experience and come up with B Lab. They got involved with all of the different organizations and individuals that occupy this space, that are part of this ecosystem, including the Social Venture Network (SVN), the BALLE network (Business Alliance for Local Living Economies), they talked to impact investors before that term was even coined. They really tried to investigate what is necessary to really accelerate this new sector of the economy, to really support purpose-driven enterprises to grown and scale and maintain mission. So there are many pieces to the pie in terms of all the thinking and actions that went in to setting up B Lab. And we did a lot of interviews with these types of companies that were kind of naturally aligned with the B Corp community and certification, before there was actually a certified B Corp. And at our launch we said,
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look, we’re going to do this together. And so the first B Corp wasn’t like a one-off, it was a group of, I can’t remember, but a bunch of B Corps standing together, announcing the certification, announcing the community has launched at one of the BALLE conferences. And so they all stood there together and said, “I’m in, I’m a certified B Corp that also recognized that while we do have existing business associations and networks like SVN and others, there needs to be a third-party verification validation behind it, but also one that creates community and a support network for companies across industry, and across size. I wasn’t there so I don’t know the other details, and for that, I think there are some, there’s like an HBS Case Study that talks a little bit about the origins, you might want to look into. The other places that talk about the background and how it came to be, I think those might be useful resources.

AH: So what about funding?

NG: Yeah, so a few things, the funding, each co-founder I believe put in an investment of their own to the organization. And they obviously were working kind of on their own dime for a while before funding came in. Some of the early funders include the Rockefeller Foundation, Halloran Philanthropies supported us and have supported us since with a significant amount of resources, and a bunch of other funders have joined the ranks to support us kind of at large in terms of our cooperation or have supported initiatives that we have undertaken. So in the beginning, it was about the certification, getting that up and running and creating a community. From there, the other initiatives followed, like the legislation and the policy work we started doing. And also our engagement with the capital markets, the background to that is that the Rockefeller Foundation convened a group of investors to figure out how we unlock capital and put it to work in high impact businesses. And I think at that convening that the term impact investor was coined, and these investors basically came out and said, “Look we need a third-party verification, we need a tool to identify good companies and those that just say they are doing good.” So Rockefeller said, “Great, well there is organization called B Lab that is already evaluating companies for a certification, let’s see if they can turn it into an investor-facing rating system.” That began our work in the capital markets and we created a rating system called GIIRS. Essentially it was the same process, but rather kind of a public facing certification, we have an investor facing rating system that has no minimum bar. And that obviously has evolved a bunch of times since then
and is now more of what we call B Analytics and measure what matters. But that’s like another story.

**AH**: So moving on to the global partnerships…

**NG**: Yeah, so the founders always recognized that what we’re trying to achieve will be global in scope. We just happened to get started in the United States. It was the market that we knew, the business concepts that we knew, the relationships and networks that we had, but we always thought this would be global in scope. We also acknowledged that in order to scale globally, we’re not going to be able to set up offices or put team members around the world to help roll this out. We’re going to have to do this through partnerships, because A) we don’t have the resources to send people out around the world, and B) that is not the right approach we should take anyway. We need to find the right people, the right talent, the teams that have the local language, the local networks, the local expertise, etc. Our first international partnership, or cross-country partnership, was with Canada actually. Already there was interest in the Canadian business community with the certification and so we signed a partnership with MaRs, based in Toronto. They do many things, but they have the Mars Centre for Impact Investing and it was like a commission-based relationship where they would help us grow the community of B Corps and service the community of Canadian B Corps and they would receive a commission off certification fees. And it worked for the time being, but I don’t think it was the type of partnership that we really want to establish that would really help grow the ecosystem that the B Corp community operates in. So that was back in 2011 and then in 2012 we were introduced through our networks and relationships to a team of entrepreneurs out of South America that had been thinking about a business certification. They were interested in doing something on their own and then they heard about B Lab and the B Corp community and they said, “Great. Why don’t we just bring that here?” So they were kind of, I joke, bugging us for a while and trying to get some time with us. It was just the moment where we realized great, if we’re actually going to scale this globally, we need to start somewhere, here’s a team that’s interested in doing it, let’s talk to them, let’s make it a pilot and if it works we can then take it elsewhere. So we started with a team of about five entrepreneurs from Chile, Argentina, and Colombia who came to New York. We actually all sat in the conference room that I’m sitting in now and just got to know each other and talked about what this
might look like and how this partnership could be supported and how we can all help each other achieve the same objectives and reach the same vision that we all share. So they went back, most of them were based in Chile, so in Santiago, and set up Sistema B as an independent nonprofit. And it would basically be like a sister organization to B Lab and we have a partnership agreement, a licensing agreement that they have with us, where they license the intellectual property in order to grow and serve a community of B Corps in their markets and then there’s a revenue share between the organizations but for the most part they are independent and kind of control the activities and everything that they do. What they will not do is actually certify the companies. So they will do like business development and engage the community of certified B Corps. The actual certification and the validation still is conducted by us and that will always be the case.

**AH:** For additional support and funding, that is through local entities?

**NG:** They’re responsible for setting up the organization, raising philanthropy to support their activities, and obviously they’ll have earned income from the certification fees from the B Corps in their market. And so a lot of the kind of start-up challenges that come with that, but that’s the model. B lab doesn’t have the resources to incubate or support our partner organizations. The idea is that they will, they’re aligned with the global movement, but they’re going to execute locally and that execution is going to differ depending on the local context and so forth. So they got started in 2012 in those three countries primarily, and then the next year they found a great partner in Brazil. So now they’re working in Brazil and they are just launching into Peru, Ecuador, Uruguay and Argentina and will expand into Mexico. Obviously, that expansion has to be coordinated with B Lab and approved by B Lab but that is how they’ve been growing. There are 180 or so, almost 200 certified B Corps in South America. And that partnership was piloted for about a year and then I think obviously despite all the challenges in terms of setting up a new organization and funding that organization and staffing that organization and introducing a new brand to the market, despite all those challenges they did phenomenally well. And meanwhile, in 2012 we started seeing international activity around the world, right, so there were kind of global B Corps before there were partners in the market and that’s largely because the idea of using business as a force for good is not a U.S. phenomenon, it’s a global phenomenon. And
social enterprises have been taking over and companies want to do more with sustainability and CSR and when they look online, you know, you’re somewhere else in the world, you find the B Corp community and you say, “Great, that’s me, that’s my tribe,” so to speak. And they want to figure out a way to be a part of it. So that was happening elsewhere, in particularly in Australia. And there was one guy, a guy named Danny Almagor, who has a company called Small Giants, they’re actually an impact investor. And he met Andrew Kassoy at the Skoll World Fund at Oxford and said, “Great, I’m going to be the first B Corp in Australia.” And so he went and became the first B Corp in Australia and then essentially grew the community because he required all his investments to become B Corps. So all of a sudden there’s like 10 B Corps and I think what they realized is that they were hungry for more support and presence in the market place, and therefore they came to us and said, “Look, we need a partnership in this market to support us and help us grow.” It was a bit more community-driven there because some of the B Corps pooled resources and incorporated a nonprofit there called B Lab Australia and New Zealand. We have the same partnership agreement as we have in South America and started operating 2013 and really didn’t get going, like strong momentum until 2014 and there’s about 60 B Corps in Australia at the moment, with a few in New Zealand. And then from there, again so now all of a sudden we’re realizing there’s a global expansion model. We’ve got South America, we used the same model in Australia, and there were other markets that were really interested in bringing the community and movement there and that was the UK and Europe. And we had a lot of existing relationships with people in both areas, with people in the UK and in Europe and I guess given the cultural nuances there, we felt that, “OK let’s do a UK partnership and then a continental Europe partnership.” And so that’s how we ended up like that. And being the Americans we can get away with that, they don’t always agree with that decision, but anyway. So there’s a team now that has set up B Lab UK and is just getting going this year, they’re going to go into a formal launch in September. And then in Europe, the guys in Europe have been operating for a year and half, kind of building the initial foundation. And when I was in Amsterdam in April, that’s when they did the official launch in Europe in Amsterdam and they had about 65 B Corps already across the Netherlands, Germany, Italy, France, Spain, Switzerland, Belgium, Turkey and some other markets. They’re kind of the founding class of European B Corps. And then there is one other partnership that we actually have, that’s in Portugal. The reason why
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Portugal was left out of the European partnership is because they’re also going to oversee Portuguese-speaking African countries, Mozambique, Angola, and that as a region in Africa, suggested that should be handled separately so that is why Portugal is not a part of the European partnership, but they still work together.

So now we have this portfolio, or let’s call it a network of global partners that are all driving the growth of the community in their markets and are servicing the community of B Corps in their markets. But we recognize again, that while we’re all a part of this global movement, the local execution is going to differ. What makes sense in South America is not going to make sense in Europe or what makes sense in the UK may actually work in Australia because they’re common wealth countries. Because of that we want to create a distributed network of leaders where everyone is empowered, we’re all kind of co-leading this movement together and we can all learn from one another and share best practices and ask each other questions, because we’re all in this together. And they don’t always have to come back to the U.S. to figure out what works and doesn’t work, they have a network of peers, of leaders that are supporting the B Corp movement in their markets.

AH: So what comes first, the community or the partner?

NG: So there are B Corps now in 41 countries, I think the number of countries represented by a partner might be half of that, I actually don’t know exactly but I could look it up. What we’ve seen is that where the community of B Corps is the strongest in terms of numbers as well as just participation and you know feeling like an active community, is where there are partnerships. And that’s because, you know, there needs to be facilitators, stewards of community and leaders of community that can support the awareness of what B Corps stand for and what they represent in each of these markets and so with the partnership established, and actual team members focusing on this, we can see the vibrant community that we’re hoping to achieve. And I think that has definitely helped with the expansion of the certification in each of those markets. I don’t know if that answers your question though, I think, so ask it one more time, I don’t think I was really answering you were getting at.
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**AH**: What do you think drove the spread of the B Corp movement? Why was it delayed in its arrival in Europe?

**NG**: Yeah, I mean I don’t think it necessarily was delayed. I think if we were actively pursuing some sort of partnership in Europe, we would have found the right teams and it probably would have just taken off. In 2012, it just happened to be that where we are at the point of time, we were introduced to an awesome team in South America and because we wanted to pilot it, we cultivated that relationship and, you know, we met them probably in the summer of 2011 and they didn’t really kind of launch until the beginning of 2012. And in Europe and Australia we met those guys 6 months to a year before we actually signed a partnership agreement with them because we wanted to make sure we were entering the right partnership, we were working with the right team. And again, it could have started in a different market. I don’t think there is anything to say about why it started in South America first. I think all markets were kind of hungry for this type of certification and community, and I think in all markets we were already seeing business used as a force for good and kind of the initial building blocks of the ecosystem that supports that, from like a social venture network-type organization or impact investing or new frameworks in law to support these types of businesses. Uh, surprisingly though, I think South America was kind of further behind in that ecosystem build. Yes, social enterprises were there to some extent, more in the nonprofit space. Yes, impact investing was there, but I think it was still far behind other developed markets like the UK, US Europe and Australia around all of the other infrastructure and kind of ecosystem organizations that are a part of this space. So that is why it is interesting that we started in South America because I think largely what Sistema B has been doing is doing the ecosystem play, not just working with companies on the certification. It’s been about building awareness of this type of work and of this vision in the business landscape, in academia, in the policy realm and all of these different kind of nodes and sectors that can support this. Whereas in the other markets, there is already all the other stuff happening and we’ll tap into it but we’re really going to focus on community, because that’s our core initiative where Sistema B is really trying to do like a five prong approach to where they are really tapping all these different sectors. So yeah, I don’t think there is necessarily to the reason why it started in South America, just about timing and who we were talking to. And I do think it’s important that there
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are emerging markets part of this network and this community. You don’t just want this to be a developed market thing where it’s North America, Europe and Australia. I think what’s next is we want to drive the community in emerging markets such as Sub-Saharan Africa and Asia and India and those places where business can have a profound impact. And so I think that will be next, we’re just trying to figure out what the right expansion plan should be because it’s a ton of work to cultivate those relationships and train them and kind of get them on board with the certification and how to go about implementing it and so that will take some time but our hope is by 2016, we will have new regions that are supporting the B Corp community.

AH: So overall, the movement is very global in nature. Do you see the legal framework ever becoming something of international law?

NG: Yeah, I don’t know about international law, but first off, just in terms of kind of the globalization of the certification and community, we certified more B Corps outside of the U.S. last year than inside of the U.S. And that trend continued in Quarter 1 and my guess is that is going to continue, because largely the certification in the US and community has grown significantly in the last 8 years and obviously it will continue to grow but it might start plateauing a little bit and because of all these new partners that are signing on, they’re going to have rapid growth and acceleration and so that will continue to be the case and so the community of B Corps might look very different in five years from now when there are more B Corps outside of the US than inside the US, or there is, you know, large concentrations in places like Europe, in the UK, and in other parts of the world. So, the whole presence, I think, and just the visibility of the community and what it’s all about will look very different because it won’t, and largely the challenge we’ve had is, people view it as a US-centric thing, it’s a US export, but we believe it is global in nature and it will definitely look that way in a couple of years. And a few other things related to that… standards evolve. Every two years we come out with a new version of the impact assessment, and to be honest, in the beginning it was definitely US centric and that is because we were certifying US businesses and we were asking about you know percentage of healthcare that they pay and when you take that certification and set of standards to a European businesses, they’re like, “What do you mean percentage of healthcare?” So the standards will also globalize and be more relevant for businesses in other markets and on the legal side, you’re right, because the
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certification has two requirements: performance and legal, those standards have to
globalize and legal has to globalize and what we have to do as we take the certification
around the world is we have to investigate. What do the corporate laws look like in
other countries? And to what extent can executives and officers consider non-financial
interests? And for the most part, you know, there are few areas or few countries in the
world that have already in their legal frameworks the option to consider stakeholder
interests as well as shareholders. We haven’t really come across that, with the
exception, we think, the Netherlands, that may have that already in their corporate
framework. So what that means is we need to investigate, to what extent can these
executives and officers consider stakeholders and if they cannot, what do we need to
do to improve that legal infrastructure to create that and change the DNA of the
company? In many instances, it will be an amendment to the articles of association,
where they put in a statement or a consideration clause, or a purpose clause and in some
instances, it will be legislation. Let’s create a new law that looks like the benefit
corporation legislation and we’ll have to work over time to pass that in each of these
different markets and that will be driven be our partners. We can’t be the experts on
corporate law in every country and so we’ll certify companies based on the performance
standards and we’ll get a commitment from them that they will adopt legal once it’s
determined.

AH: So that is what you’re doing currently for the international certification?

NG: Yup, and we’re actually very close to determining the legal requirement in other
jurisdictions, like I have a long list of corporate law in European countries in my inbox
right now and our hope is in the summer, because most of those companies just have to
do a legal amendment, we then post the language and then we require the companies to
insert that into their articles of association. Because, for the most part, what we’ve
learned is that the purpose of the corporation, around the world, for the most part,
requires the fiduciary duty of the company is to focus on shareholder returns. And
therefore, we need to change that to enable companies to consider other interests.

AH: Where can I find current data on the number of certified B Corps per country, as
well as the number of companies that are in the process of certification?
NG: Yeah, so we don’t do a good job of showing the breakdown of number of companies, number of certified B Corps in each country. We have a total on the website, so you can go through the search directory and count, but that’s a bit tedious, so I can send you a report that just shows you the number of B Corps in each market. What I don’t think I can do, is send you a report on the total number of prospects, or the companies that are going through the process. And to be honest, I know Sistema B has at times talked about a total prospect list, but frankly, I think it’s a bit misleading. To be honest, just because you know companies get stuck in the process and they don’t commit. Obviously it’s nice to know like a number of companies that are committed to doing it, but at the end of the day you’re either a B Corp or not a B Corp and it’s hard to hypothesize around the number of companies that are committed to doing it. I think what’s more useful is knowing the number of B Corps, the number of B Corps per country and then on, we actually, have you looked at the website impactassessment.net? It’s basically the website that talks about the impact assessment tool and I think what’s interesting is that there is some work that we’re doing that doesn’t revolve around certification. And what we talk about here is, that while there are 1200 B Corps globally in 41 countries, there are over 20,000 businesses that are actually using the impact assessment. Some of those might actually be companies pursuing certification, but many others are just interested in looking at the tool and using it as a tool to figure out how they’re doing, get a baseline assessment of their impact and look to improve their impact over time without ever considering certification. And I think that is more important, because really what we’re going at as an organization, B Lab, not so much our partners, is that yes, we want to grow the community through B Corps and shine a light on these leaders, more importantly, we want all businesses to measure their social and environmental impact and start on this journey. It all starts somewhere and the best way to get started is to take a free tool and look at your impact and you know, maybe, the process will be you get a high score and become a certified B Corp or you get a low score and you improve that over time to become a B Corp. But just starting on that journey is good enough, and so that’s our hope. We’re going to do a lot of activities and campaigns around just getting companies to use the impact assessment tool, not necessarily think about certification. And I think a lot of our partners are going to be doing the same thing, because it A) opens up a funnel to get a bunch of prospects that might be interested in the certification kind of moving through the process and B) it
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provides a lot more benchmark data that we can use to analyze how the B Corp
community compares among all businesses. So I would use those numbers, cause I
think they’re better, that talk about the number of companies that are just using the
impact assessment rather than those that are in the process to become a certified B Corp.

AH: Alright, I think that’s all. Do you have anything to add?

NG: Um, no, I mean, obviously there are a lot more nuances and details that we could
go into, but I think for broad framing for how we’ve taken the certification globally
through partnerships, I think that is, you know, for the most part there, I think we’ve
covered it all.

Transcription of Recorded Interview with Ronald Granthon (Selections)

July 7, 2015

AH: What is your role and how did you get involved with Sistema B?

RG: I am in Sistema B for about 7 or 8 months. I am from Lima, from Peru and I am
actually in Santiago, Chile now which is the headquarters of Sistema B International. I
am in the project, I am in charge of the academic area of the company. And I’m only
here for about 7 months. Juan Pablo is one of the founders and he talked to me about
this interview because I am in charge of all the academic. So I know about the history,
but I am not one of the founders. So maybe I will have some trouble with some
information but I know more or less about the information that you need.

AH: Are you personally interested in the sustainable business and what B Corps stand
for? How did you come to get involved with this?

RG: I was a teacher, a professor, in University of Lima and when Sistema B got to Peru
they contacted a professor in my university and this professor talked to me. He told me
about the proposal and about Sistema B. This was in September of last year. I get very
interested about this proposal because I have almost 10 years of doing social work, also
I have a non-profit organization. I have a lot of interest in common with Sistema B. So
when this professor talked to me, I said yes in two minutes. For me it was very simple,
because that was the thing I was working with for about ten years. Then I started with
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this committee, or team, in Lima. I was part of this group, here we call it “grupo promotore”, it’s like a promoter group. It is in charge of the brand and also contacts companies that would like to be a B Corp.

**AH:** So you are contacting companies? Not just working with the academic side?

**RG:** Yes, that’s part of the work. This initial group of the countries in which Sistema B is working, have two or three objectives. One of the objectives is to promote the concept of a B Corp, and the second important objective is to contact companies or maybe non-profit organizations that can become B Corp certified company.

**AH:** What is your specific role?

**RG:** I am in charge of this website, but I am not a researcher. My role, my function, is to get in contact with professors and all the people that want to research B Companies or, for example, social companies that are not B Corps but are similar to a B Corp.

**AH:** At the time that the founders went to the U.S. to meet with the founders of B Lab was there a lot of support for the initiative?

**RG:** No, because the concept of a B Corp is a US concept, here in South America what you have are social companies. That’s the way that you talk about that. And a social company is very similar to a B Corp, but here in all the countries in South America you don’t have a legal form called benefit corporation like there is in the United States. So the companies that, in 2011, you can find in South America, would be social companies but not B Corps. But, it would be very, very similar to that. That’s why these four founders [went] to the US and talked about, “Ok, there’s a movement in South America, there are a lot of companies that are very similar to a B Corp, so let’s work together to certify these companies and to have only one movement around the world.” That’s why they [went] to the US, so to have only one movement in the world, only one concept.

**AH:** To make it stronger, right?

**RG:** Yes, exactly. Because here, for example, we call it Sistema B and not B Lab South America because the vision of the founders is to not only work with companies, they want a more systemic view of the economy. And also they have a lot of work with
policy makers, with academy, with universities, all of that. They have a systemic view of the change.

**AH:** Do you see that systemic view spreading to other B Lab organizations?

**RG:** Yes, yes. Well so, Sistema B is starting in 2012, so I think for the very beginning, the focus was on companies only. But I think that since the last year and especially this year, we have a lot of strategy with the other actors in the economy. Especially with the universities and the policy makers, I think it will be two important actors, really important network that we are forming here.

**AH:** Is that surrounding creating awareness?

**RG:** Yes. Talking about awareness here is the most important thing because in many countries in South America, the concept of B Corp is still not known. So it’s important to work on creating awareness. Here in South America you have different concepts. In here you talk about social business or social companies, you know “empresa sociale”, and there is no common meaning of that. When you talk to someone social business can be something and for someone else it can be something very different. For example, for some persons, some entrepreneurs, they don’t want to use the name of company, or business, because they have a bad concept of that. They prefer to talk about social impact or social projects. So here we have a lot of differentiation, a lot of different concepts. So we went with B Corps or this concept of Empresas B and have only one concept. We hope everything will be like this, like the principal concept of these kind of companies.

**AH:** What about funding, is funding an issue?

**RG:** Yes, yes. Yes, it was very difficult (laughing). Also, they were like volunteers. In the beginning, it was like volunteer work only. Yes, no it’s very difficult.

**AH:** After proving there is interest in the B Corp movement, did the funding start to come in or is it still a struggle?

**RG:** Yes, the important thing here is that the founders were from different countries. Many of them [were] from Chile. I think three of the five [were] from Chile. One was from Argentina and the other was from Colombia. And that was like a good beginning
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because they have a good network in the three countries and it was I think easier than another company to get the first money or funding. But it was very hard work also. And here in Chile, the thing is we have the [inaudible]. And here we have an organization that is called CORFO that is a very, very good partner for us. And also, we have FOMIN that also helps with some funds for all the people who work here.

AH: How do you have the organization set up? Are there offices in each of the main markets?

RG: The headquarters is here in Chile, here we have a small office. In this office we have a team we call Sistema B International, it’s the international team. And also we have the national team that is Sistema B Chile. In other countries you only have the national team, for example, in Colombia you only have two persons, in Argentina there are four and in Brazil it will be a team of five persons—one of them is in Rio and the other four [are] in Sao Paolo. Also, you have in Uruguay you have two persons. Some of these persons don’t have any office, they work in their house. In Argentina and Brazil they are renting a small office.

AH: And when did these offices, or these teams start? When did they get up and running?

RG: I’m not sure about that. I think Chile, Argentina, and Colombia started maybe the same year, about 2012. I think Brazil was the last one at the beginning of 2014. I think Uruguay was at the beginning of 2013. When these countries started, they started with the money they have from the headquarters of Chile. From here, we are giving money to all the offices. While these offices or teams were growing the movement in their countries, they also gained access to some money in their countries. They do some fundraising, for example, in Brazil they do a lot of activities for fundraising. Also, in Argentina but not as good as Brazil.

AH: What about critical events? Were there any key things that changed the trajectory of Sistema B?

RG: Here in Chile, we have CORFO. We have a good relationship with CORFO that is a government organization. That will be a very good partner for us. I think in Chile
we couldn’t have grown at the level that we’ve grown if it weren’t for the help of CORFO. In the other countries, I think the best partner would be FOMIN.

AH: So among the five offices in the different countries, do they have the same strategies?
RG: They have similar strategies, but also they have to apply with the cultural condition. For example, in Brazil you have a lot of movement of social and environmental companies. You don’t have this in Colombia or Uruguay. So it will be dependent on the context, but also we have to align. We have maybe ten principle strategies, but with these ten principle strategies, the national team can do some special arrangement or can change this strategy to adapt to the context.

AH: What about the legal aspect and the new corporate form?
RG: For example, we have a special project with lawyers from all over South America in order to create a similar law in all the countries. That will be a special project in which we want every country to have exactly the same. But another, if we talk about another condition or another reaction, you will have something working in Brazil that is not very similar to Peru, for example. But talking about legal issues, we want to have similar laws in all the countries.

AH: So for now when the companies are certifying they amend their articles and sign the term sheet, there is no legal form for the B Corp?
RG: Yes, because we don’t have the special laws that you have in the United States about the benefit corporation. So here we have to adapt to the context, adapt to the country, and each country has their special laws. So for us, it’s very difficult.

AH: What about the local business environment?
RG: I think we have a lot of potential, we have a lot of potential. I think maybe we’re talking about 1000 companies that can be a B Corp in each country. I feel we have a lot of potential. There are countries that have more social projects or more social companies than others, but I think we have a lot of potential to grow.

AH: What about consumer awareness?
RG: There is not a lot of awareness. I think awareness is growing, but this is only the initial part of that. I feel that we have a lot of work to do with awareness.

AH: Are some B Corps having problems recertifying?

RG: Sistema B is only about have two years here so there are a few companies that are recertifying. The majority of the companies are only, I think in the first year of certification or maybe the second year. The companies that are recertifying, I don’t think they are having any problems. Also, I think that a lot of companies are improving their score. I think there is no such big problem of recertifying. I think maybe the problem, or the demand of the companies, is they want the movement to grow faster. And actually, I think that will be the principal demand. But I don’t think they have any problems of the recertification.

AH: What challenges are there to the movement?

RG: Ok, so we have a lot of challenges here. The first challenge would be for the group to grow faster. So actually, we have 73 companies in Chile and 175 in South America, but we love that the number would be double or triple. We would love to have 200 companies in each country. It would be our principal challenge. Another challenge that we have is creating or developing the community and the community is not only a community of B Corps. The community is every, we talk here about “comunidad practica”, practice community, and this practice community will be with the companies, the universities, the government, and the other actors that we seek that can change the economy. Because the vision of Sistema B is to change the economy, the vision is not just have a lot of B Corps, the vision is to change the economy, to change the rules that resolve the social and environmental problems.

AH: What is standing in the way of growing the movement?

RG: We can handle the challenge in three objectives. First, would be the companies, in the companies we talk about having more and better companies. So we want to have more companies and help the companies improve their score. The second challenge is the academic area. We want to have a lot of universities, a lot of professors that want to research and establish contact with B Corps. To work together, to have better
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research proposals, to, for example, have better methodology and evaluation of the social and environmental impact for these companies. Because we have a lot of methodologies, but we don’t have like the best methodology for this kind of companies. So we want the universities and professors get involved in this project in order to have a better form of evaluation to evaluate the social and environmental impact of the B Corps. And third challenge will be with policy makers, we want the government to create a better environment for the growing of these kind of companies.

AH: And what would that be in the form of?

RG: It will be something like lobbying and also to contact lawyers and government organizations in order to make public policies and to improve the environment or the conditions in which the companies are working and solving the social and environmental problems.

AH: When you are calling to professors or universities or the companies, what kind of response do you get?

RG: Actually, we have a good response, but we have to have more money. Because we have to pay for the research, so we need money. That’s why we are calling or talking to IDRC (International Development Research Centre) for a foundation, because we need money. We need money to do some workshops, to create the special academic network and get together different professors and different B Corps for working together.

AH: And what about the companies, what reasons do they give for not certifying?

RG: Maybe because they don’t actually see the benefit of becoming a B Corp. Maybe it will be something about the cost, but I think the cost is not so much. Maybe they don’t see a benefit about that, because in many countries you maybe only have 4 or 5 companies. So they say, “OK, I’ll become a B Corp, but for what?” Actually, we don’t have a community in many countries. But in the countries that we have, for example in Chile we have 73 [B Corps], they actually see a lot of benefits of being part of the community.

AH: What kind of benefits?
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**RG:** So where you have a lot of companies, it would be better to do a training course to get together these companies to exchange their good practices. It’s easier to work when you have a big community. When you only have 4 or 5 companies it’s very, very difficult. But when you have 40, 30 or 73 like you have in Chile, you have a lot of benefits with the community, with the courses and with the workshops you can do. And also you have special discounts, we have B Hive, it’s like a Facebook of the B Corps and you have a special discount for the B Corps. So if you’re a B Corp you can buy some produce off a US B Corp and you have a special discount if you are a B Corp too.

**AH:** Do you feel that B Lab’s new partners will use the systemic model Sistema B employs in their own regions?

**RG:** It’s not so different, but I think it will be a little bit different. Because B Lab also have some community with the university, for example they work with Duke University and I know there are more. But I feel like it’s not the principal goal for B Lab. So maybe it will be a different approach for us. For us it will be a principal goal to talk with universities and policy makers.

**AH:** Do you think other global partners will look to Sistema B and this model?

**RG:** This would be great, absolutely, it would be great. But also you have to keep in mind that we are here in undeveloped countries, so you have different problems than you have in Europe or the US. So this systemic view, I think is more necessary here in South America, or maybe Africa or in poor countries, because you have to do a lot more work.

**AH:** Do you think this model will be used as B Lab looks to expand to more developing regions?

**RG:** Yes, because I think our approach is a very, very good approach. I think it will kind of work in, I don’t know, Australia, UK and other countries. I think it is a very good approach, but I think that each country has their special problems. So maybe the broader strategy can fit in another country, but you have to do a lot of adjustment to adapt this strategy to the context of each country. It won’t work the same.
Transcription of Recorded Interview with Alicia Darvall (Selections)

June 7, 2015

AH: What drove you to get involved with B Lab?

AD: So B Lab itself, or the B Corporations in Australia, I should give you some context about how it all took off in Australia before me. So there were 13 B Corporations in Australia before I started, and there were two or three organizations in Australia or businesses in Australia that had been searching world-wide to try to find a way to frame the way they did business and to try to find a tribe, I guess, to identify with. And one of them was a company called Small Giants, and it’s really worth looking them up if you haven’t already. Yeah, so Small Giants and there was another one called Net Balance and I think there was a third one called the Projection Room. But what happened was that both Net Balance and Small Giants were leaders in their space—Net Balance for being a family office for impact investing and Small Giants is sustainability consultants. And they had looked overseas and they had independently come to the idea of B Corporations and the certification. Small Giants just recertified at the end of last year, so they are probably three years a B Corp, so three-four years ago they decided to do it and they went on to certify and they’ve now recertified, so they’re 2.5 years a B Corp and probably been thinking about it for 3.5 to 4 years. And Net Balance, likewise. Unfortunately Net Balance no longer exists, it was bought out by EY last year. So these two companies certified and Small Giants and Net Balance were both incredibly influential companies and so as they certified they then had a ripple effect in both by talking about what they did and then because they are leaders in their various fields. They went on to, both of them, quite generously and enthusiastically on the case to expand the B Corp movement in Australia. So for the first year or so of B Corps in Australia, it was a voluntarily-led movement by the founding B Corps. And so there were about 4, largely women, who ran workshops and did presentations and encouraged those first ten B Corps to certify. And so when I started there had been a group of B Corps that had been around for quite some time which was really exciting. And once they had been going for a while, my now Chair, a woman called Mele-Ane Havea, had been lobbying the US (Bart and Jay) for a while, asking them if they could set up a B Lab in Australia, and Bart and Jay had said, “Actually, we’re not really ready for
expansion and once more, why don’t you just go away and,” you know, in very charming American style, “Why don’t you just go away and build your movement and come back to us later?” And so, that was probably 2013. And by August 2013, my Chair and Small Giants and Net Balance signed the license agreement with B Lab to represent B Lab Australia and New Zealand. So, I reckon they had probably been negotiating for 6-8 months beforehand and Nathan will give you a better sense of that than me. So in August 2013 they signed a letter of agreement and then they secured some funds to appoint someone to run the office and set about recruiting. They started recruiting in June 2013. And they basically went out to people they knew in their networks to look for someone, someone with a strong business background in the startup space. And I don’t know if this is relevant or not, but I was one of the last five, well I was one of the last three people in the first round of recruitment and they went with someone else, which I still give them grief about. Which was a guy who was big in the startup space, who had a very clear vision about why B Corp was important, and he was visionary and a great speaker, but turns out wasn’t much of a community builder. So after 12 weeks of him in the role, they came back to me and said, “Actually, you know, anyway you’re still interested in the role?” So my background is in community-building, starting non-profits, and working with entrepreneurs. It’s less business and you’re welcome to check out my CV on LinkedIn, but I mostly come from an arts and entertainment background and so what I’m really good at it is starting stuff. I used to call myself a launch manager, my strength is really in pulling together a diverse group of people to move in the same direction. So I wasn’t necessarily looking as a way for business to solve the problems of the world, but I had a very clear view on how I could marshal a group of disparate entrepreneurs to get them to the right spot. Then obviously as I got more and more involved, I really value both the people and the movement that I’m now a part of. And I’m extraordinarily passionate about the entrepreneurs, so I know a lot of people take this as a way to change the world, my view is that my biggest role is to be a cheerleader for the entrepreneurs who have made the decision to do business differently and save the world. So I spend a lot of time supporting them, which I find very exciting. I’ve always loved working with creative people and I love the idea of business as a force for good rather than relying on the non-for-profit sector and the endless applying for grants and so forth. So I think there’s a real role and there is no doubt a strong belief in this idea already. In Melbourne, in particular, there’s a really strong social enterprise sector.
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And so I had worked in the social enterprise sector before I came to B Lab, and social enterprise though, in Australia is, in Melbourne anyway, is largely dominated by the not-for-profit sector who are trying to create business models for their social mission or environmental mission rather than rely on grants or philanthropy. So that space is being somewhat dominated by the not-for-profit sector, but there is a lot of people who are looking at for-profit business as the business model to allow them to create the change they want because they can get investment and so-forth. And then there is a great percentage of business in Australia that the idea of doing good business, ‘profit with purpose’ really resonates with. So, I feel that, unlike in South America, I don’t have such a big piece to explain how capitalism can change and be a good force. I think there is already a lot of people in that space. So in some ways in Australia, I feel I’m still in the scenario where I’m finding people who are already operating as B Corps and it’s less about transformation. In the early adopters, I think, hopefully we’ll create transformation over time, but I believe there are a lot of businesses that are B Corps that haven’t yet certified in Australia.

AH: So the agreement was signed in August 2013 and then officially launched in August 2014, correct?

AD: That was for a couple of reasons. One, we were very clear that we wanted to get one of the founders to come to Australia for the launch and basically that was when we could get them. So we officially launched with 47 B Corps, we had certified, which is quite a lot really. And so we had officially launched then, but it was I think, my experience suggested that it is quite good to have a community before you launch so that you’re launching a successful product, launching a successful movement, rather than launching a concept. And because it was such a strong group of founding B Corps spreading the word, that part was OK. And I had the good fortune to tour the states and one of the things that Bart told me they did when they launched in the US they made everyone that was certified by the launch be the founding B Corps. So we used the idea that if you certified by August, you’d be a founding Australian B Corp really heavily. And that totally worked, because the biggest issue in certifying B Corps for us in Australia is not whether or not people want to be B Corps, it’s creating a value-proposition as to why they should do it now and not later. Because I deal, as do all the B Lab staff, with entrepreneurs. You know, they’re changing the world, they’ve got a
million things to do on their to-do list. So the biggest issue I face is getting to the top of the list. And so quite often, I can fire up a crowd and get them to log on and they’ll start the certification and then they move away or they get through the review call to the documentation and then they move away or if it’s a bigger company they get a hard time from the C-Suite so it takes them a long time to get the decision made. So there’s a number of places it falls over, but for us I don’t believe it’s a lack of belief that it’s the right thing to do, I think it’s just a getting to the top of their to-do list.

AH: So the key actors were Small Giants, Net Balance, you (of course), and anyone else?

AD: There’s an amazing, the HUB in Australia, you know the co-working spaces. There’s an amazing woman named Jan Stewart at the HUB, who would personally sit with anyone and help them get through. And so the HUB was a huge hub for B Corps for us. Then there are about 4 or 5 of the founding B Corps that would go out and actively recruit businesses for us and still do. Some of the B Corps would write me 5 or 6 times a week, still, with names of people they think should be certified.

AH: What sources of funding do you have?
AD: So, Small Giants paid my salary for the first year, which was massive. And then I basically sold opportunities to have an event with Bart. And so I raised just under 100,000 dollars, maybe 80,000 dollars for the launch events and that was primarily to have Bart. So if you look through my launch plan, you’ll see we had events at Net Balance, impact investment breakfasts and stuff, and that was because somebody had paid essentially a sponsorship for one of these events. And I spent the money for the launch basically on two main things. Everything I did as partnerships, so I was very strategic about making sure the events we did were partnered up with somebody who had a set of stakeholders we were interested in. So in Sydney, for example, we worked with Philanthropy Australia to do a breakfast with Bart and they hosted the breakfast, and you know obviously paid for all the event costs and I brought Bart along. That gave me access to their database. And I did the same with impact investors, with a couple universities, and so forth.

AH: And so now are you funded through the revenue model?
AD: Not yet, nearly! The idea is that we will break-even after three years, so end of next year we should be break-even on revenue. This year it’s been a combination. We’ve had funding through a big insurance company called Sun Corp. I’m hoping to get funding through a bank. Now I’m doing ‘Measure what Matters’ partnerships, so program partnerships. I’ve got a couple of them in market that I’m hoping are going to come off. Then it’s a combination of earned income and a wing and a prayer really.

AH: So it hasn’t been easy attracting funds?

AD: I’ve been very strategic, it’s just not coming. It’s really hard, it’s really, really hard. And I’m sure you’ll hear this from everyone that’s in start-up land. Through my first year, no discretionary income at all. I had a travel budget, I spend no money. I had less than a 300,000 dollar turn over for my business. I have a sponsored office, I bring my own computer to work, so it’s total startup mode. Small Giants put in $200,000 to get B Lab off the ground, so that was not unheard of. I mean that wasn’t my whole salary, but by the time all the costs associated with, they reckon it was about 200. So there is no way you could start without a big chunk of philanthropy I don’t think. In Australia, we are unlikely to get a lot more philanthropy in the short-term because we don’t have DGR status which is what you need as a not-for-profit to be able to solicit donations. But even if we solicit donations, it’s very hard to compete with, you know, kids with cancer and that sort of stuff. So we’re going to have to find business owners who want to see this happen. And we’re on track for some of that, but realistically, the big push for us now is to secure some big B Corps. And that’s happening, so that’s good. Because the big B Corps pay, 25 grand, so if I could get a couple of those, that’s a staff member.

AH: What about key initiatives, what is your focus?

AD: Ok, so yeah, I mean the community building has been a focus for the first year and by that I mean recruiting B Corps. And I’m very, getting quite good at filling the pipeline. We’ve got 700 businesses who have started the impact assessment and there was 80 when I started. So we’ve really filled the pipeline. So now I need to get better and better about moving people through the pipeline, but mostly now what I want to do is shift the focus on servicing the B Corps. So that I believe that if we can create such a vibrant, successful community that is clearly doing great business with each other and
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thriving and getting the best staff, that that’s the best kind of recruitment available. So my focus is moving from just filling the pipeline of people starting the ‘Measure what Matters’ campaign, to starting really strengthening the B Corps that are already there. So, I mean, I’ve got about 40 B Corps who have to recertify early next year, so I want to make sure that they’re in the best possible position to increase their score. And I also really want to make sure that the B Corps are getting great benefits from being part of the movement. So I’ve actually got a planning day on Tuesday, and that whole day is around servicing the B Corps much more than it is about community building because I kind of feel like we’re getting the numbers through, but what’s going to move them through quicker is that sense that they, that this is something that they can’t wait any longer to join. And that’s so that showing the transformation, I need to somehow shine the light on the success the B Corps working together are creating and how much more vibrant they are than those that aren’t and the successes. That’s what I want to shift my focus to in the next six months.

AH: What about awareness?

AD: It’s still cold. In Melbourne and Sydney there’s still, it’s still just a choir really, it gets bigger all the time. I went to Brisbane recently, the capital of the northern state and it was quite cold up there except for really amongst the social enterprise sector up there who are really well-read in this space. And I’m going to WA to Perth next week, which is a four hour flight, three hour time-zone change. And over there I’m not doing, wherever I go I do events, and over there I’m not doing an event about B Corps. I’m doing an event about business with purpose and interviewing lots of different players in the field so that we introduce the sense of B Corp as business with purpose rather than, I don’t think if I said I’m coming to do a B Corp event I would have got an audience, whereas a business with purpose event has got 80 or 90 people coming to it. So, it’s not, by no means is it a sunk feat, it’s not completely penetrated. But I’ve gotten to the stage now where I think the value will be more around keeping the current community or growing the current community because their thriving is a better value proposition.

AH: What about the legal framework… does that differ?
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**AD:** Yes, so we’re based on British law, like Canada. And so our legal framework, we’ve got some legal advice which suggests that we can’t ask you to make the change under our current corporation law so we’ve set up a brains trust, I mean we set up a legal working group, a legal policy-making group. And it met last week, it’s had three meetings now. And we’ve got pro bono support from one of the law firms here to write a new legal model, so yeah, we’re in transit on doing that. For us though, corporate law is federal, not state. So we’ll only get one crack at it, one chance. So we’re going to have to do a lot of lobbying. We think it’s about a five-year play before we’ll have it. But we’re definitely working on it.

**AH:** But in the meantime?

**AD:** In the meantime they don’t have to do the legal, we do a term sheet.

**AH:** How much communication is shared among/between the global partners? Do you strategize with B Lab Europe or UK or…?

**AD:** Yes, it’s informal. Because I launched first, before B Lab Europe and UK and had quite a formal launch process. I spent quite a lot of time with Hubertine and with Charmian and James talking to them about what the successful points were for my launch and I think the approach we took definitely influenced the way they launched their events. They will both launch with more money and bigger communities, but the idea, yeah I definitely think I’ve had an influence. B Lab Europe had a pre-retreat for all their partners, I think it was at the end of last year, and I spoke at that about launching and what was successful for us. And I think I have had quite a strong, because it is my professional background—event management and launching, I think I’ve had quite an influence. At least, I’ve sort of set up a framework that they can ignore or adapt. But I’ve certainly been quite involved in discussions with them.

**AH:** Do you think that will continue as you launch your next initiative, as you focus more on servicing the B Corps? Do you feel that they will find themselves in the similar position, making the same goals?

**AD:** Yeah, I think they will. I was speaking to B Lab, you know we meet twice a year. We have an annual B Lab retreat and it was in Amsterdam just recently and it’s generally around May, we’ve done it twice. And then we generally all meet again at the
Champion’s Retreat which is for the B Corps, which is in October. And I was talking to the B Lab Europe guys and actually saying that I thought it was a big deal, this idea once you’ve launched, “Now what?” What are you going to do with your community and how you’re focusing on them? They thought it was interesting that I had got there, and I am heavily influenced by Sistema B and Juan Pablo, because Juan Pablo was saying that a bunch of his B Corps are having trouble recertifying and so, because they’re dropping below the bar. And while I don’t necessarily think that the Australian B Corps are going to drop, it’s made me realize how big a deal it is to get them to recertify and so he has made me think much earlier about how I’m going to move a cohort through to recertification rather than leave it to chance. No, we’re heavily influenced on each other. Part of the problem, I don’t know if the others talk more, I’m in such a bad time zone.

AH: I think that’s all, do you have anything to add?

AD: There are a couple more things that are worth knowing. One is, we are, so I work for a non-for-profit and report to a board of founding B Corps, which is interesting because most of the other boards are not made up of B Corporations. I also have had one staff member, but he just finished up. So I’ve got a part-timer, someone who works three days a week for me and I’m about to second someone from one of the professional services firms. But also, more importantly I’ve only got one and half other staff members and I think it’s going to be, the big issue I face is going to be—how much can one person do? Really I would like to have four staff, I think four would be, in terms of what we could achieve, would be optimal. My hope by the end of this year is to have two, so three of us all together. But it’s really skinny and it’s going to be skinny for a while. Whereas the US, the UK, James Perry is an amazing fundraiser and he’s raised a much bigger team, and Sistema B have 18 staff across South America. But then if you look at the populations, I’m probably not such a bad ratio. I mean there’s 4 million people in Melbourne, there’s 6 million in Sydney, there’s 23 million Australians. So yeah, we’re a really big country, the logistics to service Australia are hardcore because it’s such a big country. But yeah, I’m desperately understaffed.

AH: And that is because of the funding?
AD: Yes, because of the funding. I would happily have more staff. And so hopefully I will secure some more funding and be able to, I’ve budgeted to hit three staff by August. What Nathan says and what’s very important to know is that the community is really active. So they are actively recruiting, they are running events, they are speaking at events, and they… so I’m not doing this alone at all. There’s a huge amount of support.

AH: What are the most active B Corps that are playing a big role in helping you and growing the community?

AD: Yeah, there’s a great team called Wild One, they often speak and they host events for me, for the community building. Who else do I deal with all the time? The HUB Australia, which I told you about, which is now called Third Spaces. There’s an actual, I mean I expect them all to, frankly. I kind of hassle them. So the Third Spaces group is big, the Projection Room has been enormous, she’s quite busy. Keep Cup and Currie Communications, Currie Communications is about to put on a series of seminars to help B Corps talk about why they are a B Corp, so to help them with their pitch. 5AM yogurt has just put “We are proud to be B Corp Certified” on all their yogurts and they move half a million yogurts a week through the supermarkets, so that’s been massive. Amazing. Impact Investment Group, TOM Organic, speak about us all the time. There’s Lantern Legal Group, also are amazing. Dumbo Feather are a magazine and they regularly publish ads to support us and speak on our behalf, they’re owned by Small Giants. Reho Travel has just won a series of awards and their a corporate travel agency, they talk about B Corps in all that they do because it’s a real point of difference for their business. Who else? Pangolin Associates, they’re a carbon off-setters but they would send me two or three leads a week. Vital Consult is a one-woman band in Adelaide, she actually helped two or three B Corps through their paperwork. And likewise, there’s a group called Talent Nation and Richard will email anyone his paperwork to help them certify. So they’re phenomenal and I could go on. B cubed Management Consultants do my bookkeeping at a great loss to them. And again, likewise, will share their paperwork. I feel like most of the B Corps I could ring up and say, “Hey could you help me with this?” and they would absolutely do it. So it’s really, really active. Eagle Consumables is amazing. Steve from Eagle is my go-to guy in New Zealand, he just hosted me and thirty people for drinks in Christchurch a couple of weeks ago and he flies all round New Zealand talking about why it’s important he’s a B Corp and around
the world. So they really, really believe they are the start of something big and put a lot of time and stead in it. But clearly it grows their business, it has positive reflections on their business. But they are really active. They’re amazing.

Transcription of Recorded Interview with Marcello Palazzi (Selections)

July 10, 2015

AH: Since you’ve been working in the space for a while now, I’d like to start a little bit before your involvement with B Lab Europe. What is your background? How did you become interested in this space?

MP: Ok, so go back 30 years when I was doing my Bachelor’s at LSE in economics. The economics at the time was disconnected from ethics and values and it was very mathematical. I was looking for more and I was looking for, let’s say, what I call a real life economics, an integrative economics. So I started looking at family businesses in different parts of the world, particularly businesses that had strong values. You know, generally ethical values. And that led me to a journey, you know I came from a family business myself. I set up a foundation with a Dutch partner to look at fostering this work around entrepreneurship from a strong ethical perspective and for us ethics is about authenticity and integrity. It’s basically being yourself and expressing your own intentions as an entrepreneur in an authentic way. And so I studied at the Austria School of Economics… [Inaudible]… and then through my foundation I started a number of networks. The first one was twenty years ago, Social Venture Network Europe, with Ben Cohen and [Mal Warwick. Some of the first companies twenty years ago, they were looking to integrate their ethics, values… [Inaudible]… impact investors, sustainability. So nearly 300 projects later, I was introduced to the B Corp and B Lab. I thought this was a very concrete step forward. It sort of, no longer needed to do another workshop, another talk about integrating, what is now of course a bigger agenda than what it was twenty years ago. Basically, it’s, in economic jargon, minimizing negative externalities and maximizing positive externalities through the enterprise. So, it means from, of course, sustainability to social issues, social cohesion, integration of different cultures, diversity— all those issues where basically a corporation can either have a positive impact or a negative impact. That is, and I thought, and of course think, that
the B Corp has got it right in creating a rigorous assessment tool—two-hundred questions that evolves over time to capture the role of the enterprise into a set of analytics. That can be very useful for the corporation and also for other stakeholders. So this is, in a nutshell, so I think now, very clearly now that I have been doing this for a year and a half, I see a lot of the players over the last twenty years coming towards B Corp, because B Corp is very concrete. It’s very hands on. It’s basically, most of it is for free. Any company can do the assessment, later, if they want to get the logo, they pay something, but otherwise, basically it’s a gift for the world. So I think in the next few years, we’re just going to continue to evolve the standards, offer more services, but now that it’s basically 41 countries, or companies in 41 countries that have embraced the B Corp, it’s happening. And then the bigger picture is, well as I was saying about me thirty years ago, economics must be integrated with, well not only philosophy, but with all…[inaudible]…theory which is disconnected from ecology or politics or ethics. So this serves the purpose of integrating or reintegrating economics into the wider body of knowledge that is our knowledge as mankind. And therefore from economics, of course, the important thing that often economists don’t see is, but if you’re going down to the cellular level, at the cellular level of economics are the enterprises. So there is no economy without companies or organizations of some sort. So that is why it is very powerful to work at the corporate level, or the organizational level, because if you sum up all the corporations, organizations in the world, you basically get to the economy.

**AH:** When were you first introduced to the concept of the B Corp?

**MP:** I wasn’t formally involved in 2006. I founded a network, Social Venture Network Europe, which in the US was SVN. And that is actually where some of the first conversations about B Corp happened, but I was not there myself at the time. I was first engaged in 2012. At that point that I really got in, I was introduced by some B Corps in South America. It has started in 2011-2012, those were the years when Sistema B started in South America.

**AH:** So was it at that time that you started putting together talks for B Lab Europe?

**MP:** Yes, at that time. So the first talks were in 2012 and then in 2013 we basically agreed that there was a need and the opportunity to set up B Lab Europe.
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**AH:** And when did you sign the actual partnership agreement?

**MP:** We signed it in February 2013.

**AH:** But then you just had your official launch this year?

**MP:** So this year was the launch with like 65 companies. Last year, so actually the first meetings we organized were September and October 2013. We had the first gathering, we had 50-60 people and then we had one or two B Corps at that time in Europe. And then in 2014, January, we formally started the organization. And you know, I worked full time and we got going. So we did have a few meetings before that, but we launched this year in April with what we call the founding class of 65 B Corps in Europe.

**AH:** Which is the largest founding class, correct?

**MP:** You know, Europe is also bigger than the US. Its 500 million people. So, I mean it’s right that we should have a few more.

**AH:** How many members of staff do you have?

**MP:** So now we have hired an Executive Director, Hubertine Roessingh. We have an intern who starts next week. Then we have just announced, and it’s slightly unofficial, but one of the key staff members from New York is coming to Amsterdam in the middle of October. Nathan Gilbert, he’s on the website of B Lab. Yeah, Nathan, you probably know Nathan. So he’s coming over to Amsterdam. Then we are hiring two standards analyst, who will be working from Amsterdam to do the assessment for European companies. So we now have about five people on the staff. And, but of course, that’s the most important thing, we have twenty country partners in Europe.

**AH:** Yes, I was going to ask about the structure, how are you operating with the country partners?

**MP:** So from the beginning, we wanted to have a partner in each European country. Europe has different languages, different traditions, so you have to be local. So we started with the Netherlands, and France, and Germany. By now we have a partnership signed in twenty countries. These partner companies, they basically, well first of all,
most of them are B Corps. So, in France is UTOPIES. They have been a B Corp, one of the first B Corps in Europe. Nativa, in Milan, Italy they are also a B Corp. GEXSI (The Global Exchange for Social Investment) in Germany has become a B Corp, etc. So most of them are B Corps, there are one or two, like a business school in Lausanne is also a partner and as a business school they’re not really a company so we haven’t asked them to become a B Corp, but most of the time we ask them to be a B Corp.

**AH**: What kind of businesses are they?

**MP**: They are different businesses, some are say sustainability consultants, some are impact investors, boutiques, some are, like in the Netherlands it’s a sort of a consulting company specializing in small and medium sized businesses, and they have 40 members of staff. There is no blueprint. You know, B Corp, is holistic, is wide, it encompasses companies that come from different sectors, different industries. So the key for our partners is basically they have to have the culture and the vision of the B Corp, that’s why most of them are B Corps themselves. And they have to, you know, employ people and basically provide the local infrastructure in order for it to work. So if you add up all these twenty partners, each one has two or three people working for B Corps, we really get to a sizable number of employees.

**AH**: So what is their role?

**MP**: So their role is primarily to support companies in their assessment phase. You must be familiar with the B Impact Assessment (BIA), so they support companies’ questions or what others are doing. So basically they visit companies, they’re there on site. They answer questions, they help companies get through the whole process. Secondly, once they become B Corps, they help companies connect with each other through regular meetings. Once a month or once every three months we have gatherings in different European countries. And then thirdly, they work with the wider B Lab Europe ecosystem that includes advisors, includes ambassadors, so it’s a big community now. We have just added, well we have had ambassadors before, but we have added a couple weeks ago to the advisors. We have now nearly 30 advisory board members and they basically make introductions to companies. So the country partners
and the advisory board members work with each other in identifying and approaching companies that we think are prospective B Corps.

**AH**: But all the actual certification is done by B lab in the US?

**MP**: Well no, not really. Because see a lot of the, well first of all, it is very important to know that when B Lab started, they used international standards. So GRI, IRIS, it was not an American thing, GRI is essentially European, certainly was then, has become more global now. It was using the experience of countries where the idea of a stakeholder-oriented enterprise… [inaudible]. So, that was the history and now the assessment is largely done in the country itself with the local partner. What B Lab in the US does is basically they are, they have the big data base, they can check against other companies, and they do the final, together with us, so we have what we call a review call, whatever documents have been submitted for each company, the review call includes a B Lab staff person in the US and one in Europe. So we do it together now, and likewise in the South America and Australia.

**AH**: What about funding, what support do you have?

**MP**: Funding, we started differently. So B Lab Europe was started basically as a start-up—a new business with a little bit of boot-strapping. And now we have, obviously, a thriving business. Companies pay a fee, so most of our, the business model is mostly business. It is a commercial model, I would say social-commercial, meaning you’re not going to make a high return but at least you’re going to produce 3-4% return per year. Plus, we have just now, this June/July, we have issued what we call an impact bond. And an impact bond is basically a 4% minimum guarantee. It’s guaranteed by my foundation and that has allowed us to raise nearly 300,000 euros in basically reserves we use to finance the business. So it is not philanthropic. We have divided the activities in three parts, so one is the certification, two is advocacy through public policy, and three is learning and education. And learning and education we do through business school and universities, there we will be looking for some funding though foundations. Normally, we have done it ourselves, but as we grow up and expand, we do need to have some funding. And the advocacy and public policy is the same thing, we have funded ourselves, but now as it grows we are working with cities, with public policy practitioners. So those are areas where we would rather have some philanthropic
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funding. So if you look at the model as a whole, we would say it is 75% commercial or say like a social business and 25% is philanthropic.

**AH:** What do you see as challenges to the movement?

**MP:** So, in fact, we really don’t have challenges. The only challenge we have is that we’re going to grow very fast, because this is happening. So we need to build the organization, because now there is basically no other system in the world that is as well-tested as B Corp. Nine years, 41 countries, it’s just, even if you were a Bill Gates and you wanted to put a $100 million into something, you cannot copy. So there’s just a huge first mover advantage. In terms of the legislation, you know we checked. We had Linklaters, the lawyers, do a whole survey of Europe. In most European countries you can actually practice the spirit of a B Corp within existing legislation. But, there are MPs in Sweden and Switzerland and Italy interested in proposing B Corp legislation. So we work with those MPs and at the intermediate level we are plugged into the conversation about new corporate forms and B Corp would be one of those forms.

**AH:** What about brand awareness?

**MP:** I mean, the big picture is, that the enterprise, it could also be a social enterprise, the enterprise is basically the unit around which our societies function. You could argue, of course, that there is also a public sector and I don’t dispute that but the public sector basically can spend or invest money that comes from citizens. So the enterprise is a fundamental pillar of our modern economies, modern societies. That enterprise needs to serve the interest of the whole, it cannot serve the interest of a few shareholders. This is otherwise why we get stuck and we have environmental problems, social problems. Of course not all of them are caused by social enterprise, but the process we are seeing is a process of sort of integration into the enterprise of this need for working in the interest of the whole and the interest of the wider public good. And that covers all areas, the social, the environmental, and the cultural. So as I said again, in economics it’s like negative and positive externalities. So it’s like, you could say, the world has been looking for this magic bullet. So fifty years ago, we had communism and socialism at the micro level, and now we have a kind of, it’s not socialism, but it’s a conscious capitalism at the level of the enterprise. Which in a way if you take it further and imagine a world where every company is a B Corp, it is a world where many of the
issues we face now will not be there, because it is a world where issues are addressed at a micro level. Because now what do we do? We say, “Hey, the public good is the interest of society, so let’s allow businesses to make money and that’s it.” That doesn’t work anymore, because of course, the way you make money has costs, or can have costs. And though, we want to say that B Corps can actually be profitable while maximizing their contribution to society. It’s actually weighed so that if you sum them all up you get the sort of sustainable society you want at the micro level. So I would say that most indicators point to at least in the next ten to twenty years this is just going to grow, because anyone that is concerned with the challenges that we face, whether its politicians or philanthropists or citizens or NGOs, and of course investors, people who invest and own companies. It’s basically a trajectory that you could say in the last 200 years of the evolution of the economy and industry, we’ve closed an eye to some of these things. We couldn’t see, also we had a planet that could support much more and now with 9 billion people, with all these things we know, we cannot just look the other way. Each enterprise needs to internalize some of these challenges. B Corp will become the new corporation. You know, I mean you must know, you’ve studied all this, the origin of the corporation in the US and the UK. In the UK it was a royal charter. The king would give people a license to go build the railway and in the US it was very similar. And now we’ve gone very much away from that model. I mean we don’t need a king to do it, but citizens. Citizens should ultimately be the guardians of what enterprise is doing in the economy. And we are very far away from that, so basically we want to get back to that place where citizens, society, or whether, of course, it is elected politicians or civil society, has more of a governance role in how the economy works.

AH: Do you think the standards need to be adjusted for different countries or regions or that it is very much a global standard?

MP: Well, it’s very interesting. So I was in Copenhagen yesterday and with our Danish partner, we talked about this because Denmark is very advanced, like Sweden. The Danish partner is Spark CPH, run by a lady called Zakia Elvang. So we had a discussion and the fact is that in those countries like Denmark some of the issues are already part of the legislation, then the company doesn’t get any extra points. They’re basically just abiding by the law, but then the company has to do other things better in order to score
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sufficient points, like 80 out of 200. So basically, it’s the same principal, we are looking for companies that are basically in the top ten percent of companies in terms of how they address all these issues, about how you make an economy sustainable, inclusive, etc. So yes, there are differences, there are like 60 variations of the BIA and in countries where the law is very progressive, companies do not get points for being within the law. So in that sense, it is to say it is a flexible system.

AH: And that doesn’t affect…?

MP: Well it affects the score, it does. What happens is if the law already requires you to do certain things, you don’t get any extra points when you do the assessment.

AH: But it doesn’t affect the integrity or consistency of the standard?

MP: No, not at all. It means that for example, so we have a company in Afghanistan called Roshan, which is one of the biggest companies in Afghanistan, it’s a mobile telephone company. If you were to look at their assessment line by line and were to compare it to an equivalent company in Denmark, obviously you would see difference. And you could say, that if like a company like Roshan would do all the things that are already being done by a company in Denmark, then they would score higher. Because they would be doing much more above the requirements of legislation of Afghanistan. But of course the whole point of B Corp—first of all we are not a compliance-driven organization, we are an aspirational organization. We want companies to do better. Therefore, you know, that’s the driver. So the standards we develop, they of course need to be achievable. Of course they cannot be impossible because then no one would become a B Corp. There is a lot of leeway between 80 and 200. So no company has ever scored 200. That tells you that it’s difficult, even a Ben and Jerry, they are like 120-130 points. So there is still a long way to go to 200.

AH: And you said the standards are ever-evolving?

MP: The standards are ever-evolving. We are on version four, it’s going to version five. There is a whole standards council that works on, new issues come up all the time, diversity, they added to the existing standards.

AH: And are you seeing any companies that need to recertify?
MP: We have no problems, the only question that some European companies say, what you just asked, “Well the law in France, the law in Germany already includes these things, what should we do?” Well, they are not going to count in your score because it is already taken care of in the law. I think that the indicators and the assessment we use are pretty good. We have had people, like our country partner in Switzerland, CODETHIC. They used to have a different kind of standard and they kind of abandoned it, because they thought the B Corp was much better.

AH: So it is true that companies in Denmark or Germany where the laws are more progressive or inclusive of these things, they are having to do more to certify?

MP: They would be doing more. So some of the questions that refer to an issue that is already a part of the legal system, those questions are like being abandoned. So I think, I would double check with Nathan, and if you want I would drop him a quick email. My sense is, that you really don’t gain any points in doing things that are already required by law, and therefore automatically it means that you have to score higher in other areas. For example, yesterday in Denmark what Spark was telling us is that in Denmark, gender is still quite an issue. Most of these companies are run by men and there is a real problem, and therefore, you know Danish companies may be really good in terms of sustainability but they are not good at employing women. So they lose points there.

AH: What about key initiatives? Are the three aspects of the organization (certification, public policy, and education) in motion now?

MP: Yeah, they’re in motion. So, with advocacy and public policy we have engaged a number of cities in Europe—Amsterdam, Rotterdam, Geneva, Paris—to work with the city mayors and the local authorities to create, like what we have done with NYC, this plan, you may be familiar with that. So when the city goes to X number of businesses, offers them to use the B Corp assessment for free and then some of those business go on to become B Corps. So it’s a win-win. In terms of, and then of course we have now for a long time, since the beginning actually, been part of events, conferences, where we go and speak about corporate governance and basically what B Corp is doing to change with the aim of affecting public policy. In terms of education and learning, yeah,
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we have extensive work with business schools. I, myself, this year at Stanford, I’m designing a program, like an executive program based on B Corps, which I’m going to finish in the autumn and then take it to Europe. And then we have at least six or seven good business schools that are going to work with us with these programs.