

The Small Business Guide to B Corporations in Michigan



Brought to you by:



In partnership with:



What you need to know about
B Corporation Certification for
small businesses in Michigan.

Published by the Michigan Small Business
Development Center, November 14, 2019.

Table of Contents

Introduction	2
What is a Certified B Corporation?	3
The Value of the Certification	4
Steps to Gaining Certification.....	7
Certified B Corps in Michigan.....	8
Certified B Corps around the World	9
Summary.....	10
Endnotes	11

Introduction

B Corporation certification is a new form of certification available to for-profit businesses worldwide. This certification requires that companies include consideration for the social and environmental impact of their business. Introduced in 2006, the growing certification gives companies a multitude of benefits and provides them with the tools necessary to ensure that they run a profitable company while having both positive and measurable impacts on all. This short guide will introduce readers to what a B Corporation is, the value behind the certification, and a simple look at how a company can gain certification. It also includes a deeper look into the current landscape of B Corporations in Michigan and around the world. For example:

“You cannot solve a problem with the same level of thinking that created it.”

- Albert Einstein

- Certified B Corporations have demonstrated greater revenue growth when compared to public firms of similar size from 2006-2011, a period that includes the economic recession¹.
- Certified B Corporations were 63% more likely to survive the 2008 recession than companies not certified².
- Since the 2008 recession, B Corporations have shown an annual survival rate of 90-99%, compared to the 69% average of U.S. small businesses³.

Understanding the value that certified B Corporations bring to the community, the environment and the world while also benefiting themselves allows for Michigan small businesses to stay relevant in today's economic setting. The Michigan Small Business Development Center (Michigan SBDC) values the growth of the state-wide small business community and aims to provide thought leadership, guidance and tactics to enhance small business sustainability and success. The Michigan SBDC has partnered with [Good for Michigan](#) to assist Michigan small businesses in exploring B Corp certification and using the tools available to build better businesses. Learn more about the Michigan SBDC services by visiting sbdc-michigan.org.



Image found at <https://bcorporation.net/>

What is a Certified B Corporation?

With growing concern for environmental and social issues, companies are often looking to increase their corporate social responsibility but don't know how to balance these initiatives with maintaining profits. In addition, corporate accountability is increasingly put to the ultimate test of consumer scrutiny through online communication. Consumers are increasingly wary of misleading labels and look for authentic brands to purchase from, but proving credibility is difficult for many businesses.

The nonprofit B Lab has designed a certification called B Corporation, or B Corp, that balances profit with purpose for companies with the goal of making a positive impact while still maintaining a successful business. For a company to obtain B Corp certification, B Lab evaluates and verifies the societal and environmental impacts of a company's practices. Certified B Corps form a community of leaders that drive a global movement of people using business as a force for good⁴.

Certified B Corporations must be for-profit companies that score a minimum of 80 (out of 200) on the B Impact Assessment, an assessment of a company's impact on its workers, customers, community, and environment. Certified companies must be willing to make this score transparent on bcorporation.net and amend their legal governing documents to balance profit and purpose⁵.

Certified B Corporations and Benefit Corporations are often confused and used interchangeably, however they are very different (see Figure 1 below). The term B Corporation refers to a certification for companies, similar to Fair Trade certified coffee or LEED certified green buildings. The term Benefit Corporation refers to a legal framework, comparable to an LLC or a sole proprietorship, which has a broader purpose to benefit society and the environment, similar to the purpose of a B Corp. This framework is a new corporate status and is available in many states (Michigan not included). A company can hold each status individually or can be both a Benefit Corporation and certified B Corporation.

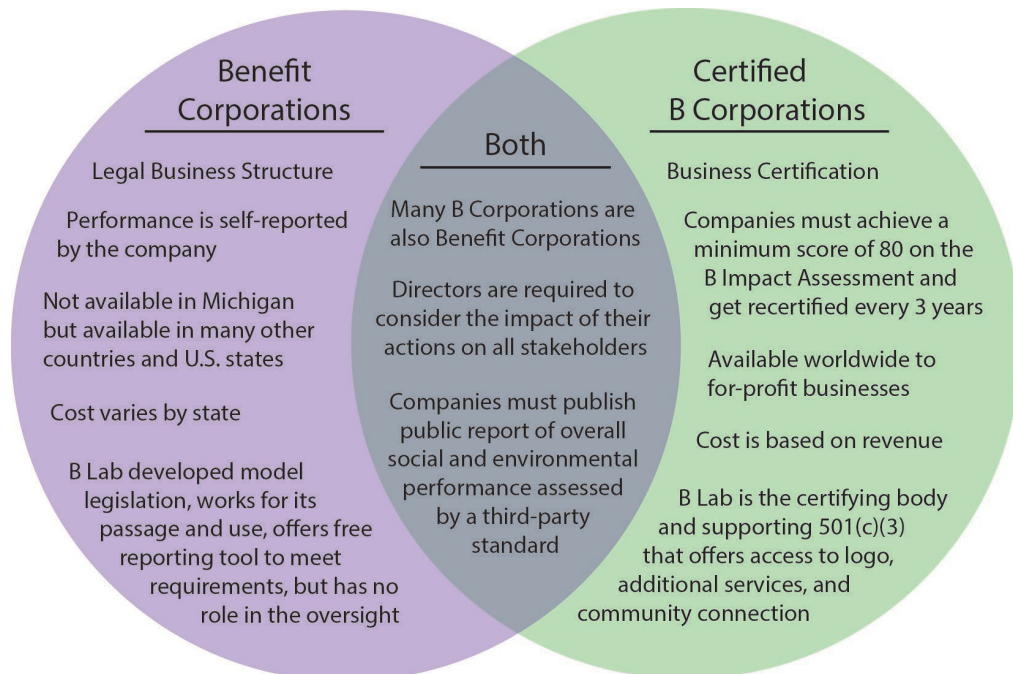


Figure 1: Comparison of a B Corporation and Benefit Corporation⁶.

What is the value for a business in becoming a certified B Corporation?

We often consider social or environmental issues separately from business. However, incorporating a “whole-systems” approach to business has a multitude of value that can create growth and long-term prosperity. Today the B Corporation certification provides a way for generating sustainable growth in companies to not only **be the best in the world, but be the best for the world**. Over 3,000 companies worldwide are certified as a B Corporation and enjoy the benefits of the certification⁷. These benefits include appealing to consumer interests, attracting talented employees, credibility, insight to improvements for your business, and access to a supportive business community.

Consumer Interest

Consumer interests have rapidly changed to express high levels of attentiveness towards responsible resourcing and social regard. According to a 2015 study by Nielsen, 66% of consumers are willing to pay more for sustainable brands⁸. The certified B Corporation Ben & Jerry’s also found that their brand affinity scored twice as high when people were made aware of social efforts by the company⁹.

This consumer interest for corporate social responsibility is especially true of millennials and women, two groups of the population that are accruing an increasing share of global wealth. B Corporations are certified to fulfill much of their interests through transparency and the credibility of B Lab, making them a potential targeted investment opportunity for these groups¹⁰. Recent data insight shows the trends of the millennial generation and others in relation to corporate social responsibility.



Source: The Millennial Impact Report



Source: Cone Communications

- 87% of millennials and 94% of Generation Z believe companies should help address social and environmental issues¹¹.
- Millennials are estimated to make up 75% of the workforce by 2025¹².
- According to “[The Millennial Impact Report](#)”, some of the most notable characteristics of the millennial generation are that they tend to:
 - engage with causes and support issues, rather than institutions or organizations;
 - are largely influenced by the decisions and behaviors of their peers;
 - believe in the power of activism and are everyday change makers; and
 - distrust the government’s ability to address social issues.
- The majority of Americans feel unempowered to address issues such as climate change themselves, and 58% think that companies should take the lead in the absence of government progress¹³.
- Many also believe that companies should first look at internal processes and impact before looking to engage with outside partners¹⁴.

Credibility

With consumer interest growing for social and environmental causes, many companies are attempting to get on board. However, the multitude of brands claiming social responsibility and marketing efforts to persuade the informed consumer have generated distrust. Consumers increasingly want to purchase responsibly, yet often have a difficult time distinguishing between brands. Certified B Corporations are required to make their scores transparent to consumers, and must meet rigorous standards in order to gain certification. The companies with the B Corporation certification have a third-party stamp of approval by B Lab for their credibility in social and environmental efforts and are easily recognizable to consumers by the B Corporation logo on their products and media.

“People care about the fact that we care about the world...we don’t have to look for talent anymore, it finds us.”

**- Tiffany Jana,
Founder & President
of TMI Consulting¹⁵**

Attracting Talent

The growing consumer interest for social and environmental issues spills over to employee interests, and is projected to continue increasing as millennials take over more and more of the workforce. Studies show that a company’s purpose and mission play a significant role in how millennials choose their employers, and certified B Corporations are reporting that finding top talent is easier with the B Corporation label. A recent survey found that 67% of respondents said they prefer to work for socially responsible companies¹⁶, and the benefits of having access to talent and motivated employees brings even more benefits to the companies internally.

- Corporate Social Responsibility fosters employee satisfaction, and engaged employees are 3.5 times more likely to invest their personal time to innovation and problem solving¹⁷.
- Purpose-oriented professionals are 54% more likely to stay at a company for 5+ years, 30% more likely to be high performers, and 69% more likely to be ‘Promoters’ on Bain & Company’s eNPS scale measuring employee engagement and loyalty¹⁸.

Community

Becoming a certified B Corporation gives a company access to a multitude of resources, discounts, events and partnerships cultivated through B Lab¹⁹. Many claim that the most unexpected and beneficial reward of the certification is access to a network of strategic business partnerships where they can share best practices and new ideas²⁰. Certified B Corporations are invited to attend the B Corp Champions Retreat hosted annually by B Lab, as well as connect with one another through their online network B Hive, B Local community groups, and B Corp Leadership Development conferences, among other exclusive opportunities.

Inclusion and Economic Impact

According to “[The Business Case for Racial Equity](#),” reducing barriers to opportunity for all persons leads to stronger economic growth and systematically increases employee productivity, health and education. This is especially important for small businesses because:

- Minority groups are projected to make up 50% of the U.S. population by the year 2050²¹.
- In that time, closing the earnings gap would correspond with a GDP gain of \$8 trillion²².
- With an aging population, closing the skills gap is critical in ensuring the productivity of future workers can keep up with economic demand²³.

The metrics within the B Impact Assessment, campaigns such as B Lab’s [Inclusive Economy Challenge](#) and communities within the B Corporation movement are helping to hold B Corporations accountable to justice, equity, diversity and inclusion practices for the stability of the future economic environment.

Insight to Business Improvements

Regardless of becoming certified or not, simply taking the free B Impact Assessment provides companies with measurable insight to areas of improvement. Over 40,000 companies worldwide have taken the assessment to gather standardized and industry-benchmarked feedback on their management, sustainability, operations and impact. The assessment automatically generates a comprehensive report with comparisons to other companies in the same industry and of similar size. It gives key insight to the value of a company's intangible assets, where they can improve operations and performance, and can act as a risk mitigator or an opportunity identifier²⁴.

Michigan companies have a unique opportunity to assess their business and compare their results with local businesses. Learn more about the Quick Impact Assessment below.

The variety of certification benefits outlined in this section are just some of the ways that companies have found value in becoming certified as a B Corporation. In addition, companies also gain recognition through added exposure by B Lab, access to branding assets, and globally-recognized awards. Learn more about these extensive benefits by reading stories about companies using business as a force for good at B Lab's publication platform [B the Change](#).

The Quick Impact Assessment

Some companies that are simply looking to benchmark their performance against other local companies prefer to take a less extensive assessment than the B Impact Assessment. The Good For Michigan program meets businesses where they are and creates low-barrier opportunities to measure and implement sustainable practices. They offer the Quick Impact Assessment for Michigan companies.

The Quick Impact Assessment, or QIA, is a customized, abbreviated version of the B Impact Assessment. Unlike the BIA, the QIA does not issue a score based on performance. Rather, the QIA is used as a tool to benchmark and measure a business's social, environmental and economic impacts. Good For Michigan then works with businesses across the state to help them identify their strengths as well as the opportunities for improvement. In a sense, Good For Michigan uses the assessment results as a tailored road map to inform how a business can most effectively enhance their sustainability efforts and outcomes.

How to Get Started

Good For Michigan allows companies to utilize the same metrics and benchmarking tools that B Corps use without the certification process. To become a Good For Michigan Business, a company only has to complete the [Quick Impact Assessment](#). Participating in the Good For Michigan campaign is a way for companies to learn more about the practices that are having positive impacts as well to identify opportunities for improvement. While some businesses engage in the Good For Michigan program as a first step to becoming a B Corp, there is no requirement for them to do so.



How does a business become a certified B Corporation?

In order to become a Certified B Corporation a company must undergo an in-depth analysis of its structure. They will not only analyze their internal processes, employee involvement, and direct community and environmental impact, but will also need to consider that of their suppliers, distributors, and any other organization that they do business with.

Step 1: Take the B Impact Assessment

- a. The B Impact Assessment:
[This free online assessment](#) takes a rigorous look at a company's impact on its workers, customers, community, and environment. It will measure the overall impact of a company and assign a score to each area of assessment, giving key insight to a company's best operations and potential improvements. Companies must achieve a minimum score of 80 (out of 200) on this assessment to be eligible for certification and be willing to make this score transparent on [bcorporation.net](#). Start-ups are not eligible for certifying as a B Corporation, however they can gain a Pending status to show their intent of certification and to help prepare them for taking the assessment after at least 12 months of operation.
- b. Get Your Score and Compare Your Results:
The score will be automatically generated into two types of feedback: the Quick Snapshot and the B Impact Report. The Quick Snapshot gives a simple look at where a company excels and where improvements can be made. The B Impact Report is more in-depth and compares scores in each area with similar companies around the world. Companies can use these tools to benchmark their performance and compare results.
- c. Use the Assessment and B Lab's Free Tools to Apply to Your Business:
Create a customized improvement plan for your business and use B Lab's free best practice guides to help you implement your plans. You will be provided with these tools as resources for your company to make improvements and remain sustainable well into the future.

Step 2: Complete the Legal Requirements

The legal requirements for B Corp certification are unique to each business, but all certified B Corporations are legally required to consider the impact of their decisions on all stakeholders. To understand the legal requirement for your company use the [Legal Requirement Tool](#) to assess your structure and location.

Step 3: Verify Your Information and Submit Proper Documentation

Once you are ready for the last step, B Lab will assist your company in submitting all proper documentation and verify your scores. This certification needs to be maintained every three years for a company to remain certified. For more details on getting certified visit [the B Lab website](#).

Need Assistance?

Advising on Certification

[Good for Michigan](#) is available to assist companies in gaining certification and to answer any questions they might have during the process. Familiar with the certification process, their team can help Michigan businesses take the impact assessment and understand their results.

Business Planning

The [Michigan Small Business Development Center](#) offers no-cost consulting to small businesses in relation to business planning. With a variety of online webinars and trainings available and a state-wide network of expert consultants, they are available to assist with planning, transitioning and more.

B Corporations in Michigan

5 Lakes Energy

Atomic Object

Bazzani

Better Way Designs

Brewery Vivant

Cascade Engineering

Catalyst Partners

Gold Coast Doulas, Inc.

Higher Grounds Trading Company

Highland Group

Revalue

Next Door Photos

Swift Printing

The Gluten Free Bar

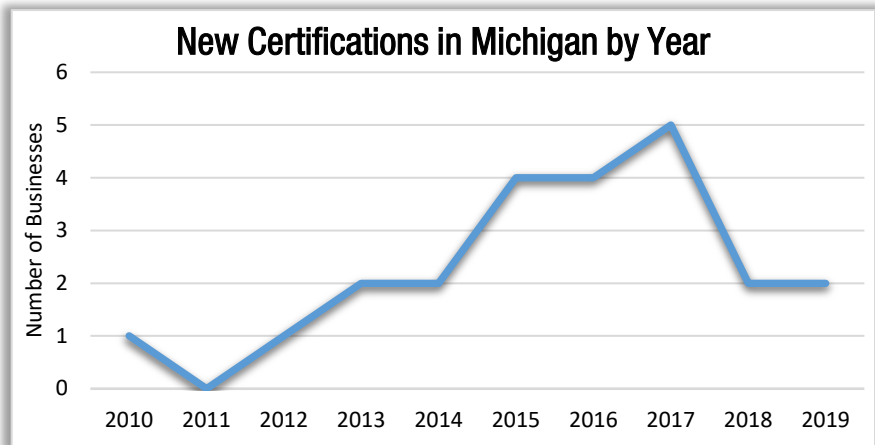
The Image Shoppe

Valley City Electronic Recycling

Vine Ride

Workit Health

There are currently eighteen (18) Certified B Corps in Michigan²⁵ as of November of 2019 (see left). Eleven (11) of these 18 companies are located in or around Grand Rapids, making up over 50% of Michigan certified B Corps. Among these companies is Cascade Engineering, the first company to gain B Corp certification in the state.



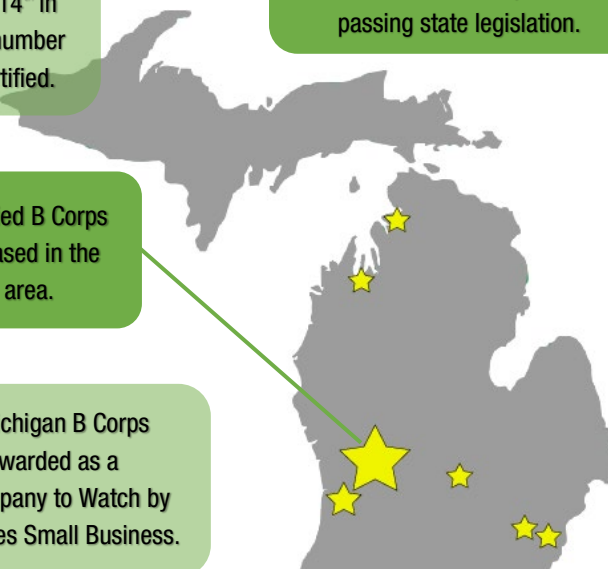
So why Grand Rapids? Reports by Headlight Data and Forbes named it as one of the top ten fastest growing economies in the United States²⁶. A hub of diverse industries and job opportunities, it is also where [Good for Michigan](#) organization is headquartered. Closer access to resources that assist with the certification process may help companies gain certification or simply become aware of the opportunity, however **access is available across the state for any small business.**

With 18 certified B Corps in the state, Michigan is currently ranked 14th in the Nation in the number of companies certified.

Michigan is 1 of only 10 states without Benefit Corporation legal status available or in process of passing state legislation.

Over 50% of Certified B Corps in Michigan are based in the Grand Rapids area.

Over 20% of Michigan B Corps have been awarded as a Michigan 50 Company to Watch by Michigan Celebrates Small Business.



B Corporations around the World

3,086

Companies

150

Industries

71

Countries

1

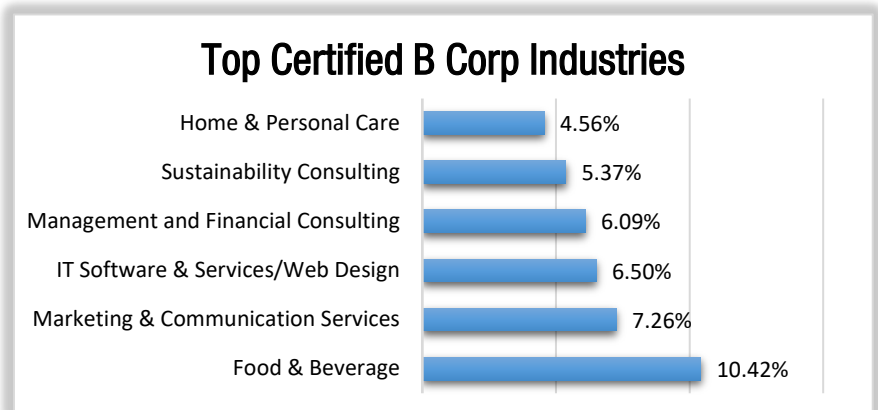
Unified Goal

With 18 Certified B Corps in the state, Michigan is above the national average of 17.

*Note: This average excludes California, an outlier with over 250 Certified B Corps in the state.

The number of certified B Corps across the globe is rising, with over 3,000 companies within 150 industries and 71 countries. Companies within the U.S. are increasingly finding value and purpose in gaining certification with over 1,200 companies certified in 2017, accounting for over one third of the world's total certified B Corps²⁷.

Certified B Corps are a part of a diverse range of industries and company sizes, however the majority (54%) are small businesses with less than \$1 million in annual revenue. Figure 2 shows the most popular industries that certified B Corps are a part of, yet this only accounts for about 40% of certified companies²⁸.



Source: B Lab 2017, found on [Just Good Business: An Investor's Guide to B Corps](#)

Examples of well-known companies that are certified B Corps:

Patagonia

Quality apparel that is comfortable, stylish, and ethically made? Yes please! Patagonia continuously seeks out ways to improve their processes so to cause no unnecessary harm and promote better business practices. Their B Impact Assessment score of 151.5 is in the top 10% of 2019 companies, making them a Best for the World Honoree once again.

Ben & Jerry's

Who doesn't love ice cream? Certified in 2012, this premium ice cream brand sources their ingredients responsibly, purchasing from family farms with a mission to create positive social change. They make quality products that their customers can feel good about in both taste and mission.

Others include Cabot Creamery, Hootsuite, Kickstarter, Kleen Kanteen, New Belgium Brewing, and many more. To see details about these companies or to see if a company you know is B Corp certified, view the [B Corp Directory](#).

Summary

Companies around the world are seeing the value in B Corp certification and taking steps to improve their business practices. There is a distinct competitive advantage that businesses can obtain by simply taking the B Impact Assessment and using it to make improvements to their business. However, having the certification's third-party stamp of approval that consumers recognize drives growth and long-term prosperity like never seen before.

Michigan has resources available for businesses to help them navigate the process of becoming certified and making sustainable improvements. Good for Michigan and the Michigan Small Business Development Center have partnered up to help businesses within their separate areas of expertise.

[Good For Michigan](#) is a statewide program of the Local First Educational Foundation. It convenes and recognizes companies across Michigan that are making a positive impact on their employees, their community, and the environment. In an effort to facilitate the business community's positive social, environmental and economic impacts, Good For Michigan convenes a network of expertise and hosts a library of resources, as well as workshops and educational opportunities, to assist businesses with implementing and improving sustainable practices. Companies can contact Good for Michigan for assistance in taking the B Impact Assessment or the Quick Impact Assessment, analyzing their results, and gaining certification or making improvements. The organization has a partnership with B Lab, allowing them to build relationships within the Corporation community around the state and nation and mentorships between B Corporations and aspiring B Corporations.

The [Michigan Small Business Development Center](#) has 11 regional offices, 2 satellite centers, and over 50 affiliate centers. The statewide organization serves all 83 counties across the state with a mission to provide counseling, training and research to assist small businesses to launch, grow, transition and innovate. Consultants assist businesses by delivering one-on-one training to small business owners at no-cost. Also available are a wide variety of free or low-cost online webinars and hosted trainings found on the organization [website](#). The Michigan SBDC assists small businesses in need of assistance with business planning, including writing a business plan, financing options, market research and more.

B Lab has its own selection of helpful resources available for businesses to access. Business owners can access the B Corporation [website](#) to learn more about B Corp certification, B Lab, and other businesses that have been certified. Also available is the B Corporation [resource library](#) for businesses to gain in-depth understanding of tactics, tools, and industry-specific analyses of the B Corp certification process.

Look for the logo!

Whether you're buying groceries or looking for a business partner, look out for the B Corporation logo to ensure your purchases are being used as a force for good.



Endnotes

1. Certified B Corporation, <https://bcorporation.net/>, (Last visited September 4, 2019).
2. Alex Buerkle, Kylee Chang and Max Storto, Just Good Business: An Investor's Guide to B Corps, Yale Center for Business and the Environment, https://cbey.yale.edu/sites/default/files/Just%20Good%20Business_An%20Investor%27s%20Guide%20to%20B%20Corps_March%202018.pdf, (Last visited September 4, 2019).
3. Richard Stammer, It Pays to Become a B Corporation, Harvard Business Review, <https://hbr.org/2016/12/it-pays-to-become-a-b-corporation>, (Last visited September 4, 2019).
4. Buerkle, Chang and Storto, supra note 8.
5. 10 Years Looking Back, The Millennial Impact Report, <http://www.themillennialimpact.com/>, (Last visited September 4, 2019).
6. Marc Gunther, Will Wall Street Embrace B Corps? B the Change, <https://bthechange.com/will-wall-street-embrace-b-corps-5df5c91c4f4a>, (Last visited September 2, 2019)
7. Certified B Corporation, <https://bcorporation.net/>, (Last visited September 4, 2019).
8. Alex Buerkle, Kylee Chang and Max Storto, Just Good Business: An Investor's Guide to B Corps, Yale Center for Business and the Environment, https://cbey.yale.edu/sites/default/files/Just%20Good%20Business_An%20Investor%27s%20Guide%20to%20B%20Corps_March%202018.pdf, (Last visited September 4, 2019).
9. Richard Stammer, It Pays to Become a B Corporation, Harvard Business Review, <https://hbr.org/2016/12/it-pays-to-become-a-b-corporation> (Last visited September 4, 2019).
10. Buerkle, Chang and Storto, supra note 8.
11. 10 Years Looking Back, The Millennial Impact Report, <http://www.themillennialimpact.com/>, (Last visited September 4, 2019).
12. Barnes, supra note 2.
13. Supra note 11.
14. Supra note 11.
15. Amy Cortese, The Benefits of Becoming a B Corp, American Express, <https://www.americanexpress.com/en-us/business/trends-and-insights/articles/benefits-becoming-b-corp/>, (Last visited September 4, 2019).
16. Barnes, supra note 2.
17. Barnes, supra note 2.
18. Buerkle, Chang and Storto, supra note 8.
19. Buerkle, Chang and Storto, supra note 8.

20. Cortese, supra note 15.
 21. Ani Turner, The Business Case for Racial Equity, W.K. Kellogg Foundation, <https://www.wkkf.org/resource-directory/resource/2018/07/business-case-for-racial-equity>, (Last visited October 28, 2019).
 22. Turner, supra note 21.
 23. Turner, supra note 21.
 24. Buerkle, Chang and Storto, supra note 8.
 25. B Corp Directory, <https://bcorporation.net/directory>, (Last visited September 4, 2019).
 26. 10 U.S. Cities with the Fastest Growing Economies, Forbes, <https://www.forbes.com/pictures/584052464bbe6f1f20e8247f/10-dallas-texas/#701fbfdf3f89>, (Last visited September 5, 2019).
 27. Buerkle, Chang and Storto, supra note 8.
 28. Buerkle, Chang and Storto, supra note 8.
-