

An Analysis of How Certified B-corp's Founder's Motivations, Beliefs, and Morals Affect the Marketing and Communication of Certification Status

by

Gregory Suter

An honors thesis submitted in partial fulfillment

of the requirements for the degree of

Bachelor of Science

Undergraduate College

Leonard N. Stern School of Business

New York University

May 2018

Professor Marti G. Subrahmanyam

Faculty Adviser

Professor Brian Hanssen

Thesis Adviser

Past research indicated certified B-corps under communicated their certification status. I find that this lack of communication is part a result of B-corp founder opinions on impact and motivations for starting the company. B-corp founders see business as a means to achieve positive society and environmental impact and do not utilize certification status as a competitive advantage in marketing campaigns. These decisions are subconscious as B-corp founders do not spend much mental capital thinking on marketing and communicating impact and certification status to consumers. The analysis also reveals a lack of marketing research by B-corps on how certification impacts their business model. The study concludes that B-lab can take a greater role in helping B-corps communicate their certification and accomplishments. Additionally, an increase in certification communication will improve the value of the certification and have a positive impact on the planet and society as more companies will strive to attain B-corp status.

Introduction

Despite current popularity, corporate social responsibility (CSR) and public service for profit business models are not new ideas and have existed since the earliest commercial corporate forms (Munch). The government grants organizations corporation status, which protects these entities via limited liability law. This limited liability helps promote investment and risk taking by businesses. In the early 19th century American state governments predominantly granted corporate charters to organizations seeking to perform a public benefit (education, infrastructure, utilities) alongside their profit generating business (Munch). Corporation status for pure business enterprises was rare, contrary to the composition of corporations today (Munch). Governments wanted use incorporation to reward and incentivize the private sector to solve issues in efficient ways. As the country grew and entered the industrial revolution, states recognized the societal benefits of business growth and became overwhelmed by corporation applications. States passed general incorporation laws which streamlined the application process and the number of corporations skyrocketed. Thus, the connection between being a corporation and doing public good disappeared as corporation status no longer required public benefit. This business trend was furthered by legal decisions such as *Dodge v. Ford* which declared a company's primary focus was to return financial profits to shareholders (Clark and Vranka).

Organizations receive designation as either for profit or nonprofit. These binary options increasingly frustrated entrepreneurs motivated to find a way to both make profit and create positive impact. Nonprofit organizations have strict limitations on funding acquisitions, thus severely limiting operations' scale and scope (Hunt). On the other hand, shareholder primacy law severely limits the type of work for profit organizations can undertake (Hunt). These like-

minded entrepreneurs have recently coalesced into a movement focused on bringing back the connection between public good and business (Hunt).

This purpose with profit movement helped spur Maryland to become the first state in 2010 to pass Benefit Corporation legislation and create new kind of corporation status (Takagi). A Benefit corporation is a type of for-profit corporate entity that includes positive impact on society, workers, the community and the environment in addition to profit as its legally defined goals (Benefit Corporation). A company can either be founded and incorporated as a Benefit Corporation or transition to one via a supermajority shareholder vote (Benefit Corporation). This status enables corporate leaders to pursue non-financial goals without the looming threat of a shareholder lawsuit. Currently Benefit Corporation legislation exists in 34 states, Puerto Rico, and Italy is being considered by an additional six states and five countries (International Legislation). The non-profit B Lab was founded to provide a framework for governments looking to adopt this legislation or for companies looking to become/incorporate as a Benefit Corporation. B-lab also started a process for companies to become certified B-corps. These are for profit companies seeking to generate positive impact towards their employees, customers, clients, communities, and the environment. Prospective B-corps must submit a report that meticulously details every aspect of the business from where materials are sourced to how workers are compensated and treated. Additionally, the company must publish an impact report in an effort to bolster transparency and accountability (What are B-corps?). B-lab then utilizes this information to evaluate the company, scoring it across five different sustainability impact zones, employees, consumers, community, environment, and governance. This rigorous process must be completed biennially in order for companies to remain certified.

Benefit Corporations and certified B-corps both aim to use business as a tool to solve the world's most pressing challenges while meeting higher standards of accountability and transparency. However, they have some key differences and often are confused and incorrectly used interchangeably. Benefit Corporations can be certified as B-corps but not all have undergone the process. B-corps are companies that are continually opting into the program, not ones who have previously made the choice to be a Benefit Corporation and are legally bound to do public benefit (B-corp vs Benefit Corporation).

Hypothesis

I initially planned to write a thesis focused on the intersection between business and the environment. In my preliminary research I discovered the b-lab and the B-corp movement. I was not familiar with this certification, despite being an educated and concerned consumer, a business student, an environmental studies minor, and a student employee in the office of sustainability. Based on my interests and background I should have been a prime B-corp supporter. Upon further research I realized I was already a repeat consumer of several B-corp brands yet was totally unaware. Based on a study completed by B-Lab, consumer recognition of the B-corp logo is around 8% which proves that my lack of B-corp knowledge is a pervasive issue (Benefit Corporation). This struck me as a perplexing problem and I decided to focus on unraveling this conundrum. I crafted my study to explain the lack of B-corp awareness and why B-corp companies were unsuccessful at communicating with consumers.

Previous research by Joel Gehman and Matthew Grimes confirms my preliminary research and observations, and proves that B-corp websites, marketing, and communication were surprisingly absent on information regarding their own certification (Gehman and Grimes). The B-corp certification is a substantial and thorough process that takes considerable time, money,

and effort. Therefore, companies who become certified are predominantly organizations who take sustainability seriously and care about the issues they work to solve. But, by failing to relay to consumers the good things a B-corp does, the company misses out on business opportunities created by its sustainable ethos. Some positive opportunities include, price premiums on green products, increased attractiveness for new job hires, increased abilities to acquire sustainability interested customers, and access into the rapidly growing impact investing capital pool (Margolis).

I hypothesized that B-corp founders were inspired to utilize business for a force of good, to fix some serious problem in the world, and ingrain sustainability into the business model. Many certified B-corps are small young companies. Their decisions and corporate strategies remain in line with their respective founder's visions, morals, and goals. Therefore, I anticipated that B-corp founders and CEOs, when interviewed, would articulate that their morals and impact-driven mindsets play a major role in their communications and marketing strategies. Additionally, their personal aversion to marketing their sustainability efforts and B-corp status stems from both biased beliefs concerning advertising immorality and fears that customers will misinterpret marketing efforts as greenwashing.

My hypothesis was that B-corps operate as "Silent Green Firms", companies with "good" behavior but little communication regarding environmental performance (Exhibit G). Due to the complexity of the marketing environment, I believe that B-corps avoid overtly advertising and communicating their non-financial initiatives because they believe consumers are unable to discern "Vocal Green Firms" from "Greenwashing Firms" (Exhibit G). Founders will explain that their moral code inspired them to initially create a non-profit style organization solely focused on problem solving. Then when they transitioned leading a B-corp, they simply

continued to run the business in a sustainable and responsible way. Furthermore, they will explain that it is disingenuous and even immoral to tout their “good” behavior and green business model to make money which will explain the lack of communication regarding the good that they do and their B-corp status.

Literature Review

The 2015 Nielsen Global Corporate Sustainability Report reveals the importance of sustainability to consumers. Nielsen interviewed 30,000 consumers in 60 countries and aimed to understand how packaging, price, marketing, and organic or health and wellness claims impact consumers. Findings revealed that consumers are increasingly interested in purchasing sustainable products. 66% of global respondents say they are willing to pay more for sustainable goods, up from 55% in 2014. Importantly these results remained significant across region and income level indicating that this sentiment is pervasive in society and not just relevant to the wealthy urbanites on the American coasts and Europe. Traditionally these consumers are willing to pay for sustainable products. The new consumers, generation Z and Millennials, care about these issues more than anyone else. 72% of generation Z respondents and 73% of millennials are willing to pay more for sustainable products. The study concluded that commitment to the environment has the power to sway product purchase intent for 45% of consumers surveyed. Commitment to either social value or the consumer’s community are also important (each influencing 43% and 41% of respondents, respectively). This study reveals the growing importance and relevance of corporate sustainability to consumers. Additionally, B-corps which already pursue these sustainability initiatives, have a competitive advantage over other companies in terms of attracting consumers, and maintaining stronger profit margins. Proper communication and customer awareness could help unlock this advantage.

The 2017 Cone Communications CSR Study reveals powerful and incredibly applicable statistics that highlight the importance and value of B-corps communicating to customers about their certification and values. Cone Communications surveyed a demographically representative sample of 1000 Americans about their attitudes, perceptions, and behaviors regarding CSR. Cone reports that 89% of consumers are likely to switch to brands that are associated with a good cause given similar price and quality, 87% of consumers are likely to buy based on values (Cone, 2017). These reveal the importance of customers understanding a company's position on issues and its values. The cone study also reveals that 65% of consumers and 76% of millennials will research a company's claims when they take a stand on an issue to ensure validity (Cone, 2017). This research indicates how corporate engagement in social impactful behavior and truthful representation of its claims is a key determinant in buying decisions.

A study completed by Joel Gehman and Matthew Grimes confirms this communication paradox among certified B-corps. Their study sampled all 523 B-corps certified by December of 2013. They used CULTR software to comb B-corp webpages, in total scanning more than 650,000 pages. The program "captured and reported each instance of the text and images on a given page, along with metadata such as the size and location of these instances" (Gehman and Grimes). By comparing the collected data regarding B-corp promotion and CSR activities to data from MSCI ESG statistics from traditional corporations with matching company demographics such as age, location, and size, the study concluded a lack of communication from B-corps regarding their certification and CSR behavior. The paper states while "many B Corps promoted their certification, some made little or no mention of it" (Gehman and Grimes). Gehman and Grimes define this behavior "wherein an organization voluntarily restrains from publicizing associations it is legitimately entitled to make" as promotional forbearance (Gehman and

Grimes). After making this conclusion regarding the communication gap, the study continues to examine if the contextual category a company operates in influences its level of promotional forbearance. While their conclusions are significant they focus on a company's external environment and demographics, these factors do not totally dictate the marketing and communication decision making process.

Gehman and Grimes' study provides an important foundation for the following research. As many B-corps are small and young companies, individual opinions and views can have a strong impact on company policy. Therefore, my paper will build on this study by utilizing intimate interviews with B-corp leadership to examine how internal factors such as motivations for pursuing certification and non-financial goals influence decisions regarding B-corp marketing and communication.

Background Discussion

There appears to be no logical reason for certified B-corps to forgo communication regarding certification and their non-financial initiatives. B-corps undertake many objectively positive actions such as hiring marginalized individuals, strengthening communities, creating local jobs, cleaning water and air, and reducing waste. Most of the issues that B-corps address don't have any polarizing stigma, so B-corps have no reason to fear losing customers due to communication. Furthermore, certification comes from a non-profit third party, B-lab, that tests thousands of companies and is not motivated to fabricate results and certify companies that don't meet standards. B-lab stakes its reputation on providing this service and has every incentive to ensure only companies within the criteria gain certification. B-lab's vision is that "one day all companies compete not only to be the best in the world, but the Best for the World" (What Are B-corps). B-lab has no incentive to certify companies that fall below standards as this will reduce

the B-corp label to a purely optical greenwashing label that perpetuates business as usual behavior. There is no rational reason to avoid communicating B-corp status, yet companies continue to do so. In conclusion, B-corps address issues with widespread and popular support and b-lab is an unbiased third party with a rigorous and respected certification process. Some insights that help explain this communication gap can be found in studies about the complexity of sustainability reporting and CSR communication.

While it may appear to be an easy decision for a B-corp to talk about its certification and nonfinancial goals and actions, fears of greenwashing and customer perceptions regarding self-promotion complicate communication strategies. As B-corps are a newer topic relative to corporate social responsibility much literature about communicating business' green behaviors examines CSR. Corporate Social Responsibility (CSR) remains a constantly evolving concept that comprises actions taken that contribute to sustainable development by delivering economic, social and environmental benefits for all stakeholders to help address the social and environmental issues the world faces today (Lexicon, Cone,2017). Some CSR behavior examples are JP Morgan's community development programs in Detroit (Dimon), Intermarche's inglorious fruits and vegetable campaign (Hohenadel), and the New York Mets partnership with Memorial Sloan Kettering Cancer Center to provide baseball clinics for local children (New York Mets). Now CSR has expanded beyond just a nice thing to do. Creating some sort of public good has become expected of companies and CSR is becoming ubiquitous. From 2011 to 2015 the percentage of companies on the S&P 500 Index that published a sustainability report jumped from 20% to 81% (Casciotti). Additionally most companies also have detailed web pages outlining all their sustainability efforts, the causes they support and their positive societal impact. In today's business environment, companies that don't do CSR are the minority and negatively

viewed (McKinsey). Consumers have also been avid boycotters when negative news surfaces about a company's business practice. Look no further than the delete Uber movement when 200,000 accounts were terminated in 6 days(Statt).

If companies are already doing more and more positive things for society and the environment and are punished by consumers for doing bad things, then some may argue that the B-corp certification appears superfluous. But greenwashing, deceptive marketing used portray an organization as environmentally friendly when they are not, makes it challenging for consumers to assess a company's true impact on society and the planet (Investopedia). Greenwashing spans from "fluffing up" like utilizing *All-Natural* labels on products that contain naturally occurring toxins to deliberate deception like Volvo's emission cheating scandal (Living, Plungis). Greenwashing makes discerning which companies behave green and which companies just portray a green image becomes muddied (Stecker) making it challenging for the average consumer to accurately "vote" with their money on the way they would like to see business conducted. A consumer cannot easily determine the difference between true and false claims (Stecker).

Greenwashing has existed for decades, but it has become more of an issue as the benefits from selling green products or running a green business have grown rapidly (Watson). Such benefits like higher margins and improved image have expanded as consumers have become increasingly interested in businesses engaging in positive non-revenue driven behavior (Nielsen). Companies become incentivized to greenwash and mislead consumers, when they perceive the costs of actually greening the business outweigh its benefits, but they still want to gain access to the benefits (Sins). Companies around the world are paying more attention to the importance of a sustainable reputation. McKinsey's Global study reveals a growing trend of sustainability's

importance within businesses around the world. Of the companies surveyed, 43 percent say their companies seek to align sustainability with their overall business goals, mission, or values up from 30 percent who said so in 2012 (McKinsey). Furthermore, CEOs are twice as likely as they were in 2012 to say sustainability is their top priority up to 13% (McKinsey). This rapid change in company leadership interests in sustainability puts pressure on companies to produce sustainability results and incentivizes greenwashing (Blount and Offei-Danso). The skyrocketing incidence of greenwashing can have profound negative effects on consumer confidence in green products, eroding the consumer market for green products and services (Delmas and Burbano). Additionally, companies genuinely engaging in the green behavior miss out on the benefits that being a sustainable company/product creates like impact investing funds and consumer favorability as individuals are less trusting of any company's claims (Delmas and Burbano).

Consumers in today's economy expect companies to engage in CSR but find it inappropriate if they explicitly communicate about their own "good deeds" (Schmeltz). Public criticism of Anheuser Busch's recent super bowl ads focused on water conservation is further proof of this so-called promoter's paradox. The CSR communication paradox deepens further as "respondents claim CSR to be important, but they do not notice it in their everyday lives" (Schmeltz). Findings from Schmeltz' paper indicate that for companies to engage with consumers through CSR communication, it is a prerequisite that they clearly and explicitly illustrate why particular CSR efforts are of importance to the consumers (Schmeltz). Data reveals that the respondents mainly notice CSR communication on packaging, on television and on web sites. Furthermore, sponsorships and discussions with family members and friends are also significant sources of CSR information (Schmeltz). These studies reveal that communicating CSR has historically been a complicated task. When examining B-corps, is essential to

understand if communicating B-corp status and goals creates similar results as traditional companies' CSR communication.

Furthermore, companies tend to shy away from the CSR communication aspect because they are oblivious to the critical importance of such communication activities. (Wilburn and Wilburn). The B-corps in this study are small and/or young companies, likely with small marketing budgets. This makes them more susceptible to a lack of understanding regarding the importance of marketing/communication regarding non-direct revenue creating initiatives. Money must be spent carefully and only in areas that seem to clearly affect the bottom line. While there is no longer a sharp distinction between doing good and doing well, and often these two are compatible, previous stigma conflates the bottom line benefits of doing good (Margolis, Elfenbein, and Walsh). Most companies are engaging in and communicating about CSR activities, but it remains to be a sideshow relative to revenue generating marketing and communication (European Sustainability). This trend can be observed by scanning major international companies' websites for sustainability pages, reports, and marketing efforts. Additionally, CSR can often just be seen as a way to make profit at (Schmeltz). But B-corps are different because social responsibility is directly linked to the business and not an aside activity. How will their communication strategies be different than traditional CSR strategy, what will they feel the value of their good deeds is, and is B-corp certification significant validation that overcomes the danger of greenwashing?

Methods

In order to answer these questions and determine the B-corp certification promotional forbearance gap the study recorded questionnaire responses from twelve privately held, small B-corps. These were companies with less than 50 employees. Working with smaller companies

helped encourage survey participation and enable intimate discussions with key members of each company who had decision making roles on the overall communication strategy of the company.

Two companies opted to fill out the questionnaire manually via an online survey (Exhibit A) but the remaining ten were verbally interviewed. Interviewees were either founders, CEOs, or individuals who had worked with the company from its conception. The conversations followed a structured interview template (Exhibit B), but while the conversations were guided by the questionnaire respondents would often elaborate at points in the discussion. Conversations spanned between fifteen to forty-five minutes. Notes were recorded and inputted into the survey database manually. Answers to long form questions are displayed in Exhibit C, D, E, and F. Short form answers are displayed in the table in Exhibit H. In accordance with privacy requests, company names have been replaced with letters in exhibits and throughout the paper.

Companies were from diverse industries such as manufacturing, financial services, education, and food and an even split of product and service companies to remove that variation. While previous studies also controlled for age and location this study was unable to control for these factors. Initial outreach for response consisted of randomly selected B-corps from around the country with a few in Canada and China. Unfortunately, responses were mainly focused around the NYC area as those companies took interest in the project due to their proximity to NYU. To correct for this bias a second round of interview requests was released but did not receive many responses. The study was able to collect responses from some non New York based companies including one from China. While the study investigates internal factors of B-corps this skewed geographic sample error likely had minimal to no impact on the conclusions. Questions garnered responses about motivations and goals and did not address topics like local regulations or local consumer preferences elements influenced by external geographic factors.

Likely the largest source of error in my study came from response bias. While some of the questions asked had qualitative responses, respondents were estimating with their answers. None of the companies surveyed referenced customer research regarding what kind of communication customers would like about corporate sustainability nor any statistical information about the content of its advertising or communication. Additionally, no company shared any relevant data regarding its customers' understanding of non-financial goals or brand recognition of the B-corp program. Therefore, this study is limited to applying B-corp leaders' perceptions of their companies and customers to motivations for communicating information regarding non-financial goals and B-corp certification status.

Social desirability also plays a role in the response bias of the survey. Social desirability bias results when respondents overreport "good" behavior and under report "bad" behavior (Randall and Fernandes). In this study respondents likely felt that not communicating their B-corp status was bad behavior and under reported their failure to do so. Additionally, they likely reported higher levels of customer awareness of non-financial goals and B-corp status in responses to questions six and nine (Exhibit B). Companies likely wanted to project a competent and progressive sustainability image with responses. Therefore, themes that were observed in responses are probably stronger and more substantial due to this bias.

While interviews proved to be a useful insight into the opinions and motivations of a company, in order to collect and record significant trends all marketing and communication from a larger sample of companies could be investigated over a period of time. This would help eliminate response bias and make the observations less subjective. Eliminating bias and providing clear and significant results would help improve this study.

Discussion

Asking “Why is your company pursuing these non-financial goals?” helped reveal the communication motivations of B-corps. While it may be cynical to presume traditional corporations engage in CSR to make money, due to their structure, business model, and profit maximizing goals, corporations do leverage CSR efforts. In fact, a study completed by the Economist Intelligence Unit surveyed 566 US based business and concluded that 74% felt that corporate citizenship, (analogous with CSR) can help increase profits at their company (EIU). This is not an attempt to critique the use of CSR in a business model, but rather to illuminate that B-corps are thinking about social responsibility differently. B-corps’ self-selection into the certification process already indicates that leadership thinks differently about non-financial goals. It is noteworthy though, that not one respondent spoke to the numerous financial benefits of these non-financial goals. More importantly, all the respondents spoke about how they brainstormed the impact side of the B-corp often before they created a profit business model. Furthermore, they explained that purpose and profit were inseparable, “Our company was founded to pursue these social goals” (Company A, Exhibit C). The initial hypothesis expected B-corps to previously be non-profits, but this extreme focus on impact appears to stem from the business model design that profit does not come before impact. By definition these companies will not prioritize profit over impact. While Colgate has created a robust water conservation program, the company was founded and run for many years to sell toothpaste. Conversely B-corps often, if not always, explicitly planned their business models around solving these issues that inspired them to found the company. This is a key distinction between B-corps and traditional companies. Select responses further illuminate B-corps motivations. Company L stated, “I realized this was a huge problem and felt like there needed to be a business put in place to solve this human rights issue” and company K stated, “All of us who have been in the sector

of integrating sustainability into business, saw bottlenecks that were holding that back, felt that infusing capital could solve the issue”(Exhibit C). Traditional companies which use CSR as an add on to the business while impact is inseparably ingrained within B-corps’ business model.

After companies explained why they pursue non-financial goals, they responded to the following question: “What are your motivations for being a B-corp, is it an internal mission drive, is it a way to obtain a competitive advantage or is it a mix of both?” Their responses (Exhibit D) further validated the conclusion that B-corps’ behaviors are driven predominantly by a value and mission focused perspective even when operating a profit business model.

When speaking on this topic, the majority of companies only highlighted how the B-corp certification served as a validation for their own internal mission, or as a way to gain credibility towards impact goals. Almost all the individuals in the study highlighted the B-corp program’s many positives and the good it does for the world and their own companies. Company L stood out among its peers on this metric. It stated the certification was purely for optics, and it was considering leaving the B-corp program after not observing any material gains. This company also stated it never communicated its B-corp status. It is unclear how a company would expect to have material gains from something it never communicated, relying on consumers to learn about certifications without any company outreach or education will likely result in uneducated consumers and no results from certification.

B-corps were anticipated to be mission driven but from a consumer perspective certification is also a competitive advantage. As seen in the Cone Study more consumers undergo background research into a company’s green claims (Cone). Certified B-corps already have this advantage they just need to communicate it. By utilizing the B-corp certification in communication about non-financial goals, a company better unlocks the benefits of what good

their company does. It enables a company to distinguish itself from traditional companies, greenwashers, and other green companies who lack a third-party certification. Only company D stated that the certification decision was a mix of internal mission motivations and a desire to gain a competitive advantage. Interview responses indicate an overwhelming lack of desire to utilize the certification as a competitive advantage. This lack of desire to profit from certification translates into the observed promotional forbearance.

While pinpointing motivations behind B-corps' behavior remains challenging, this study importantly uncovers that B-corps think about CSR and impact in a different way than traditional companies. Early CSR efforts by traditional corporations initially looked like a pyramid, with economic responsibility as the base and with legal, ethical and philanthropic responsibility topping the pyramid (Madrakhimova, 2013). While the role of CSR has progressed in many companies, CSR is used predominantly as a money-making vehicle (EIU, 2008). On the other hand, as observed in the interviews, B-corps engage in non-financial goals or actions because they want to solve problems. Furthermore, most B-corps only received certification for internal mission reasons. Companies B, E, H, I, and K all stated the main benefit of the certification process is that it helps them improve their own corporate impact by uncovering new areas to increase sustainability and ensures they stick to their plans. (Exhibit G). Traditional corporations have robust CSR communication, because they want to capture the benefits derived from the CSR efforts. Even though B-corps may know communicating has benefits, they aren't performing sustainability initiatives to make money. Therefore, B-corps don't communicate and market these efforts in a way that will enable them to make money. Even in companies which understand the value of being a sustainable company and discusses its values and good actions, the B-corp certification communication seems to slip through the cracks. This can be seen in the

difference between company's responses for question 6, "estimate the % of customers who know your non-financial goals" and question 9 "estimate the % of customers who know you are a B-corp" (Exhibit B). As seen in Exhibit H companies estimate that more customers know about non-financial goals and sustainability initiatives than B-corp status. The complete reasons for the lack of communication on the B-corp certification is difficult to determine but B-corp's values and mission-based approach and lack of competitive viewpoint of certification certainly plays a key role.

After discovering the promotional forbearance behavior and communications gap in B-corps, interviews were utilized to get inside the heads of key decision makers in companies and determine the motivations behind marketing and communication strategy of these companies. While the research did uncover some interesting insights into how B-corps thought about impact and the role of business, the overwhelming absence of marketing research stood out among the results. The data shows that B-corps are interested in communicating impact to consumers. Results show all companies think communicating about their impact is an advantage (Exhibit H). 11 out of 12 companies stated their communication contained information on positive impact most of the time or always and most also believe that the majority of their consumers understand their non-financial goals (Exhibit H). Furthermore, these companies have consistently reaffirmed their commitment to the B-corp certification program.

Despite this evidence of positive communication habits, years of hard work in creating a sustainable business, and continued support to the B-corp community, these companies collectively have almost no understanding of how that certification impacts the financial side of their business. The B-corp certification application is comprised of a meticulous assessment of the sustainability of a company's every facet, factor, input, output, and impact from supply chain

sources, to on site energy and waste calculations, to the benefits packages offered to its employees. Completing the form requires large amounts of time, effort, and resources, yet they have no idea if it helps their business. Furthermore, no respondent referenced any research regarding ways to try to leverage the B-corp certification in the future indicating a pervasive lack of thought into this topic. When asked to estimate the percentage of customers who knew the company was a B-corp one individual stated, “I don’t know maybe 20%, but wow, that would probably be a great thing to track”. This quote reveals the extent lack of market awareness and research. Other responses mirrored this theme and indicated that communicating B-corp status and factors is not frequently considered at these companies. Essentially B-corps, obtain and maintain certification via great effort yet make no effort to understand how it could generate revenue and/or improve their business.

A partial explanation for the lack of market research comes from the size of these companies. Some of the companies I spoke with discussed the difficulties surrounding marketing due to lack of time and/or resources. When a company is young and small it may need to focus its attention on short term issues rather than long run issues like in depth marketing research. Additionally, marketing and communication may be underemphasized due to confusion about the marketing benefits, the right way to talk about B-corp status and because these B-corps are just busy and stretched financially. One founder stated “I could spend more time marketing and networking with other B-corps, but my time is at capacity. Last Saturday I spent time cleaning the Hudson from garbage spread by the recent nor'easter”. While another explained that educating consumers about what a b corp is and why it's important takes precious time and energy and he felt it was more important to just talk about his company's values. It would be an

interesting research follow up to examine how other startups and small companies manage marketing strategy and research.

While many small B-corps and traditional companies struggle to complete substantial market research this problem extends past typical small company hurdles. Examining some of the marketing from large B-corps makes evident their in-depth market research. They run elaborate campaigns. For example, Patagonia created an ad campaign to tell consumers to reduce waste by NOT buying its products (Clark) and Ben and Jerry's took a stand for same sex marriage by banning Australian stores from serving two same flavor scoops until Australia allowed same sex marriage (Steimer). These companies clearly have a strong understanding about how they can harness their values and issues they care about to bolster their bottom line. Ben and Jerry's has a philosophy that if taking a stand costs you 50% of your customers but makes the other 50% three times as likely to buy your product you come out ahead (Steimer, 2017) Knowing that a stance will increase buyership comes from research and an in-depth understanding of the customer base. Despite these formidable examples, even within these companies that perform market research, B-corp status is still not clearly communicated in marketing campaigns. This reaffirms the issue that B-corp logo recognition is around 8%. Regardless size or amount of marketing research lack of B-corp certification communication from this study's results indicates a widespread and serious issue.

When asked to describe past marketing efforts that included B-corp information, companies either stated they could not think of much B-corp marketing or highlighted recent efforts in B-corp month. While it may have been useful to press these companies and ask them to explain the paradox of being certified yet not communicating it ever, as these companies were doing me a favor I decided to not ask prying, critical follow up questions. B-corp month was a B-

lab led event in February that encouraged B-corps to speak about their values and certification in efforts to spread the word about B-corps. This aimed to both build customers low 8% brand recognition of the B-corp logo and continue to drive more businesses to apply for certification (Benefit Corporation).

Conclusion

Contrary to my hypothesis, B-corps were unable to articulate a clear reason they failed to effectively communicate their status. While lack of time, expertise, and money certainly hinder a B-corp's marketing efforts these barriers do not fully explain the promotional forbearance. Companies did not reference fears of greenwashing or beliefs about the morals of advertising rather they revealed that certification communication was not a conscious choice. Responses to questions 7 and 8, revealed how B-corps think about impact in a vastly different way from traditional companies. For most B-corps impact is a chief driver in the business model and often is the founder's motivation. Because in B-corp founders' mindsets impact came before profit, B-corps view business as a tool to bolster their impact. Conversely traditional companies think of impact as a way of giving back and bolstering their business model. This key difference can help explain the observed promotional forbearance.

While individually B-corps might not consciously think about certification promotion B-lab can increase its influence on communication strategy for the entire network. Based on the B-corps' willingness to work with the B-lab for B-corp month it would be prudent for B-lab to help them communicate their certification and impact mission. By banding together, these companies found it easier to speak about their certification and work that they do. B-lab can connect different B-corps around the world to help amplify marketing efforts and facilitate network cross promotion. B-lab's role can evolve more into marketing and communication consulting and

promote more comprehensive public understanding of B-corp's. Furthermore, by promoting a network B-lab will increase the value of the B-corp label and make it a certification that is treasured and looked for by consumers like FCS or rainforest alliance. This would greatly increase the value of becoming a B-corp and push more companies to strive for certification and better their business models. This recommendation sets a foundation further studies that focus on the benefits of network communication and the effectiveness of these collective campaigns.

While b-lab can improve the work it does, individual B-corps need to increase communication and tell consumers about the certification process. Based on responses a secondary conclusion is that B-corp marketing research on the role certification plays is severely lacking. Most of companies surveyed were unaware of how many customers knew about the B-corp certification or if customers cared about certification. If B-corps are going to continue to certify themselves, they should make an effort to understand how they can connect to their consumers and leverage their certification as a competitive advantage. If more companies understood the benefits of certification and communicated their certification and positive impact better, it could result in a push to other companies to pursue certification as they witnessed how impact can also be a competitive advantage. This would create a more sustainable business environment and help solve more issues which would help achieve the missions of individual B-corps and B-lab because solving problems and creating a better world is the paramount goal of this movement.

B-corp certification remains a fantastic way for companies to validate their positive impact and to provide consumers with clear proof of their sustainability efforts and outshine the muddy market of greenwashing. By improving their communication and marketing strategy, B-corp founders can both improve their businesses and make the world a better place.

Exhibits

Exhibit A

Q9 Is your business a product or service?



Product

Service

Q10 Business name



Q11 What is a rough outline of your business model? (who are your customers/clients, what are your revenue streams)



Q12 What was the structure of your company when founded



Founded as for-profit

Founded as a non-profit

Founded as a blend (B-Corp, L3C, etc.)

Q14 Describe how being B-Corp has changed and/or influences your business model



Q1 What are your companies non-financial goals?



Q2 Estimate the percentage of your customers that know your non-financial goals



- 0-20%
- 21-40%
- 41-60%
- 61-80%
- 81-100%

Q3 Why is your company pursuing these non-financial goals?



Q5 What are your motivations for being a B-Corp, is it an internal mission drive, is it a way to obtain a competitive advantage or is it a mix of both?



Q4 Estimate the percentage of your customers that know you are a B-Corp?



- 0-20%
- 21-40%
- 41-60%
- 61-80%
- 81-100%

Q6 What are some of your communication and marketing strategies regarding your B-corp status and non financial goals?




Q7 Do you think it would be an advantage or disadvantage for you to communicate to your customers about your non financial goals?



- Advantage
- Disadvantage

Q8 Some argue a company that leverages its sustainability efforts is reduces those efforts value while others contend it is a company's right to tout its positive impact.

 How often does your communications and marketing content contain information about your company's positive impact on the planet and society?

Always

Most of the time

About half the time

Sometimes

Never

Exhibit B

1. Is your business a product or service? (MC)
2. What is a rough outline of your business model? (who are your customers/clients, what are your revenue streams?)
3. What was the structure of your company when founded? (MC)
4. Describe how being B-corp has changed and/or influences your business model?
5. What are your company's non-financial goals?
6. Estimate the percentage of your customers that know your non-financial goals? (MC Intervals)
7. Why is your company pursuing these non-financial goals?
8. What are your motivations for being a B-corp, is it an internal mission drive, is it a way to obtain a competitive advantage or is it a mix of both?
9. Estimate the percentage of your customers that know you are a B-corp? (MC Intervals)
10. What are some of your communication and marketing strategies regarding your B-corp status and non-financial goals?
11. Do you think it would be an advantage or disadvantage for you to communicate to your customers about your non-financial goals?
12. Some argue a company that leverages its sustainability efforts is reduces those efforts value while others contend it is a company's right to tout its positive impact. How often does your communications and marketing content contain information about your company's positive impact on the planet and society?" (MC five options ranging from never to always)

Exhibit C

Company responses to the question:

Why is your company pursuing these non-financial goals?

- A. Our service is inseparable from our non-financial goals. So essentially our company was founded to pursue these social goals. Now our business model attempts to optimize these goals.
- B. Belief that it is the right thing to do. I think that lots of businesses have these good ideas but just do them more in the background. B-corp helps these activities become more recognizable.
- C. The founders of the company and the majority investors already believed in saving the environment and creating a positive social impact. They started [the company] as a way to continue pursuing those beliefs.
- D. To provide services and solutions to children and schools, so we could change the entire generation and pass the message through them.

- E. Doing this type of approach for 30 years, wasn't advantageous for most of the time, doing this because beliefs
- F. Thesis of family office
- G. We believe it is an important step that our society needs to take in order to protect the ecosystem of the prairie and the global environment.
- H. Believe it is the right thing to do from a moral perspective
- I. It is what we believe is the right thing to do
- J. Everyone needs an ethos. Profit is not an ethos. Greed is an ethos. Greed is bad.
- K. All of us who have been in the sector of integrating sustainability into business, saw bottlenecks that were holding that back, felt that infusing capital could solve the issue, could engage large companies with business benefits of developing the circular supply chain, payback for companies and munic that this is better business model part of the core ethos
- L. Realized this was a huge problem felt like there needed to be a business put in place to solve this human rights issue, how can we aspire for real sustainable development, every time you sell a product you know you can change a life. It's a true social enterprise.

Exhibit D

Company responses to the question:

What are your motivations for being a B-corp, is it an internal mission drive, is it a way to obtain a competitive advantage or is it a mix of both?

- A. As we decided to change from a non-profit, become a B-corp just made sense. We were drawn to that becoming a B-corp made a lot of sense for our business.
- B. believe it's the right thing to do
- C. Our motivation is having that B-corp stamp of approval is like the icing on the cake of our business practices. It's like having that badge that proves that we are doing what we say we are or attempting to do. It's not really to have a competitive edge, it is more-so an internal mission drive.
- D. Mix of both
- E. Internal mission drive
- F. As a founding member of B-corp, what makes us qualified to be certified has always been what our organization
- G. Internal mission drive
- H. Internal mission drive and desire to be recognized for what we do
- I. Internal mission drive, but it also is a differentiating factor for us
- J. We want the third party approval from B Lab to show our marketplace we are legitimate.
- K. validation and credibility
- L. Did it for optics

Exhibit E

Company responses to the question:

What are some of your communication and marketing strategies regarding your B-corp status and non financial goals?

- A. We don't really advertise it [B-corp status] in our marketing efforts. For us since we are more of a b2b structure our clients/customers are schools. All they care about is that we are a vendor that is able to work with the NYC school district and that we offer a high quality service

that stands on its own. Our B-corp goals are so closely tied to what we do we don't really let our customers know about it as it is evident we are pursuing social missions.

B. it is a part of our pitch when we are doing sales, not a primary thing but i will talk about how our pro bono work makes our company a good fit.

C. We have the B-corp logo on all of our marketing materials and on our website. February was B-corp month. Fellow B-corp companies shared on social media the reasons why they are proud to be a B-corp. It was a good way of spreading awareness of B-corp companies.

D. Use the certification to proof our contribution to the society and increase customer awareness regarding social responsibility.

E. "no b corp networking or marketing, haven't had the time, limitations on growth wouldn't want existing client base to suffer.

F. Na as a family office we don't do any marketing/communication

G. Always highlight the work our company is doing, we are not a standard beef company we are doing something different and it is essential to our business model.

H. "Used to think the impact stuff was a hindrance used to be detrimental to selling a luxury product. But there came a time when we realized it was a big differentiating factor. So no Not investing in communicating about 10% could see it increasing. Want to talk about it more but not sexy. Blab has done a lot of great things, making the stuff behind the campaigns, can leverage the network more though

I. Bcorp month promotion

J. We stamp the logo and use it in informational company literature.

K. Every single time we talk about our impact, website, thought leadership, blogging, annual impact report portfolio impact and system change, investors talk about the impact of their own

L. Never really talk about being a B-corp but our values are always discussed.

Exhibit F

Company responses to the question:

Describe how being B-corp has changed and/or influences your business model

A. N/A as answer spoke about how changes from nonprofit to Benefit Corporation structure has changed business model, not B-corp status

B. the work that got us the certification is stuff we have been doing for the past 3 years and some of it forever. we are new to B-corp but it hasn't changed how we do business. What i find most exciting is the ability to improve our company's score and push ourselves to get better

C. [Company name] is known as being one of the founding B-corp members. Our business model has always been the same since the company's inception. We operate under a triple bottom line: People, Planet, & Profit. People: All employees at [Company name] earn a living wage immediately upon hire, own a piece of the company, and has a say so in company decisions. About 70% of the employees are minorities. Planet: We try to have a positive impact on the environment in many ways. Our product is made from 3 ingredients: cement, non toxic pigment, and pre-consumer recycled glass (which makes up 75% of our material), our factory is day-lit so it reduces the amount of electricity we have to use, we recycle the water used in our production process, we use steam powered kilns to cure our slabs, and we use electric/hybrid forklifts. All of the desktops and tables in the office are [Company name] as well and we work with eco-friendly like-minded vendors for our marketing materials. We are transparent with the ingredients in our product, and our certifications such as Cradle to Cradle, and NSF (which are quite difficult to attain), are proof of [Company name]'s continued practice in sustainability.

D. [Company name] and B Corp share the same value that a company should not only strive to become "the best in the world", but "the best for the world". As a professional provider of first-aid training, services and solutions in China, the primary goal of [company name] is not only to seek values for shareholders, but also to create a social value. With innovation, cutting-edge technology, and effective management, First Response is pushing forward the establishment of "Emergency System Using Social Platform" in the hope of fostering a "new social norm" for mutual aid and mutual help in case of emergency.

E. "Keeps the pressure on to be responsible in business activities on a daily basis, the nitty gritty practice on a daily basis. What we do as a company for clients has not changed

F. Hasn't really, as a family office doesn't need to worry about clients, customers, or investors, the stuff that makes it a bcorp is baked into the investing thesis. Would like to get more of its investing companies to gain the certification

G. N/A

H. "impact of being a B-corp, long and thorough assessment, brought up a lot of interesting questions many of which I'm not an expert on and this caused me to think about areas we can do better today and in the future as we grow from tiny to bigger. Had trouble convincing others of its importance as we still live in a world where people are short term focused. Getting recognized for doing good stuff helps convince people it's the right thing beyond winning on the moral ground. Helped meet people in the responsible business world, let us think a little bigger

I. Became a B-corp last july took 2-4 years to fill out the application, only small changes, formalized certain processes, helps to talk about the company to certain people, right now it's not a major advantage, we think it's going to become more important, changes relationships with buyers and investors. Shows in documents the commitment to the social and environment

J. It does not, but it does give us credibility in a marketplace that is awash in "greenwashing"

K. We believe in the model of B-corp. it gives us credibility in the investing community for people looking to impact invest but as impact was built into our core there was no significant shift in business model. We see B-corp certification as the best in class criteria and we feel it validates our business model. Some metrics on the application can be challenging for small companies as some don't make sense. But overall the application and certification process helped show where our weaknesses are.

L. "Debated if we should become a bcorp for a long time. Already doing the right stuff, we don't need someone to tell us we are doing the right thing, only decided to it for case of optics, changed absolutely nothing in our business. Actually ran into some nonsensical things (organic cotton) not sure if we will persist in staying with the standard, having seen any material gains from the certification. Could become just another type of greenwashing

Exhibit G

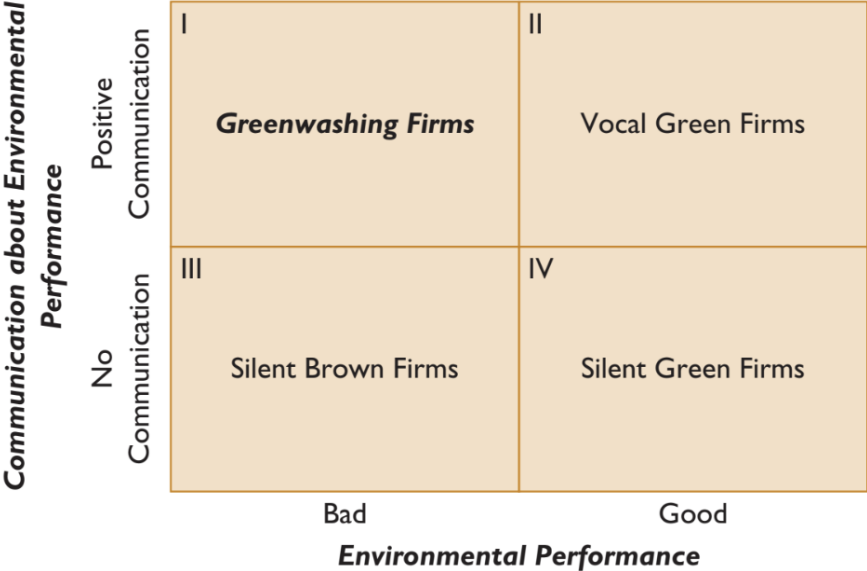


Image from the drivers of Greenwashing by Magali A. Delmas and Vanessa Cuerel Burbano

Exhibit H

DATA

Company	Product (1) /Service (0)	B2B (0) / B2C (1)	ESTIMATE % Aware Non-Fin Goals*	ESTIMATE % Aware B-corp*	Advantage (1) or Disadvantage (2) Communicate Goals	Frequency of Communicating Positive Impact**
A	0	0	5	1	1	4
B	0	1	5	5	1	4
C	1	0	2	2	1	5
D	0	0	2	3	1	4
E	0	1	5	2	1	5
F	0	0	1	1	1	1
G	1	0	5	2	1	5
H	1	1	5	2	1	5
I	1	1	5	2	1	5
J	1	0	5	4	1	4
K	0	1	5	2	1	5
L	1	0	5	1	1	5

* coded on 5 point scale:

- 1: 0-20%
- 2: 21-40%
- 3: 41-60%
- 4: 61-80%
- 5: 81-100%

**coded on 5 point scale:

- 1: never
- 2: rarely
- 3: half the time
- 4: most of the time
- 5: always

Works Cited

- Adelman, David. "Just What California Needs : A New Corporate Form." April (2011): 2011. Print.
- André, Rae, Source Journal, and No September. "Assessing the Accountability of the Benefit Corporation : Will This New Gray Sector Organization Enhance Corporate Social Responsibility ? 110.1 (2018): 133–150. Web.
- B-corp vs Benefit Corporation." Benefit Corporation, benefitcorp.net/businesses/benefit-corporations-and-certified-B-corps.
- "Benefit Corporation." What Is a Benefit Corporation? | Benefit Corporation, benefitcorp.net/.
- Blount, Justin, and Offei Offei-Danso. "The Benefit Corporation: A Questionable Solution to a Non-Existent Problem (2013): 617–670. Print.
- Casciotti, Julia. S&P 500 Index Company Reporting Study. Governance & Accountability Institute, Mar. 2016, www.ga-institute.com/press-releases/article/flash-report-eighty-one-percent-81-of-the-sp-500-index-companies-published-corporate-sustainabi.html.
- Clark, Cameron. "Why Patagonia's off-the-Wall Advertising Asks Customers to Think Twice before Buying Its Products." The Drum, 22 Feb. 2017,
- Clark, William, and Larry Vranka. "The Need and Rationale for the Benefit Corporation." (2013): Print.
- Cone, 2017. CSR Study.
- Delmas, Magali A, and Vanessa Cuerel Burbano. "The Drivers of Greenwashing." 54.1 (2015): 64–87. Print.
- Dimon, Jamie, and Peter Scher. The Biggest Lesson We Learned From Investing in Detroit. Forbes, 27 Sept. 2017, fortune.com/2017/09/25/jpmorgan-chase-jamie-dimon-detroit/.

- EIU. "Corporate Citizenship: Profiting from a Sustainable Business." Eiu.com, 2008,
www.eiu.com/site_info.asp?info_name=corporate_citizenship&page=noads&rf=0.
- Gehman, Joel, and Matthew Grimes. "Hidden Badge of Honor : How Contextual Distinctiveness Affects Category Promotion Among Certified B Corporations." (2016): n. pag. Print.
- Hohenadel, Kristin. "Supermarkets Often Reject Ugly Carrots and Grotesque Apples. This Campaign Celebrates Them." Slate Magazine, 18 May 2015,
www.slate.com/blogs/the_eye/2015/05/18/inglorious_fruits_and_vegetables_is_a_clever_campaign_to_reduce_food_waste.html.
- Hunt, Marsha. "Purpose-Over-Profit Movement Gains the Respect of the Investment Community." Entrepreneur, 28 Apr. 2017, www.entrepreneur.com/article/293517.
- International Legislation." Benefit Corporation, benefitcorp.net/international-legislation.
- Investopedia. Greenwashing. Investopedia, 24 Feb. 2018,
www.investopedia.com/terms/g/greenwashing.asp
- Lexicon. "Lexicon." Corporate Social Responsibility (Csr) Definition from Financial Times,
lexicon.ft.com/Term?term=corporate-social-responsibility--%28CSR%29.
- Living Green Life. "Greenwashing: The Secret of the Natural Food Industry." Living Life Green, 14 Apr. 2017, livinglifegreen.com/2016/12/27/greenwashing-secret-natural-food-industry/.
- Madrakhimova, F.S., 2013. Evolution of the Concept and Definition of Corporate Social Responsibility 8(2), pp.113–118.
- Margolis, Joshua D, Hillary Anger Elfenbein, and James P Walsh. "Does it pay to be good." (1900): 1–57. Print.
- McKinsey. "Sustainability's Strategic Worth: McKinsey Global Survey Results." McKinsey &

- Company, 2014, www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/sustainability-strategic-worth-mckinsey-global-survey-results.
- Moroz, Peter W et al. "Imprinting with Purpose : Prosocial Opportunities and B Corp Certification." 33.January (2018): 117–129. Web.
- Munch, S., 2012. Improving the Benefit Corporation : How Traditional Governance Mechanisms Can Enhance the Innovative New Business Form
- New York Mets. "Kids Programs." MLB.com, www.mlb.com/mets/community/kids-programs.
- Nielsen. "Results Summary." 2015 Nielsen Global Corporate Sustainability Report, 10 Dec. 2015, www.nielsen.com/us/en/press-room/2015/consumer-goods-brands-that-demonstrate-commitment-to-sustainability-outperform.html.
- Plungis, Jeff. "Volkswagen Emissions Scandal." The Independent, Independent Digital News and Media, 24 Sept. 2015, www.independent.co.uk/news/business/analysis-and-features/volkswagen-emissions-scandal-forty-years-of-greenwashing-the-well-travelled-road-taken-by-vw-10516209.html.
- Randall, Donna M, and Fernandes, Maria E . "The Social Desirability Response Bias in Ethics Research." (1991): n. pag. Print.
- Schmeltz, Line. "Consumer-Oriented CSR Communication : Focusing on Ability or Morality ? Consumer-Oriented CSR Communication : Focusing on Ability or Morality ?" September (2015): n. pag. Web.
- Sins of Greenwashing Report." The Sins of Greenwashing: Home and Family Edition, TerraChoice, 2010, sinsofgreenwashing.com/index.html.
- Statt, Nick. "#DeleteUber Reportedly Led 200,000 People to Delete Their Accounts." The

Verge, 3 Feb. 2017, www.theverge.com/2017/2/2/14493760/delete-uber-protest-donald-trump-accounts-deleted.

Steimer, Sarah. "How Ben & Jerry's Took Both Its Ice Cream and Mission Global." AMA, 27 July 2017, www.ama.org/publications/MarketingNews/Pages/how-ben-jerrys-took-both-its-ice-cream-and-mission-global.aspx.

Sustainability Reporting in the European Union." The Global Reporting Initiative, 2011, www.globalreporting.org/information/policy/Pages/EUpolicy.aspx.

Takagi, Gene. "Maryland's Benefit Corporation." Nonprofit Law Blog, 26 May 2010, www.nonprofitlawblog.com/marylands-benefit-corporation/.

Watson, Bruce. "The Troubling Evolution of Corporate Greenwashing." The Guardian, Guardian News and Media, 20 Aug. 2016, www.theguardian.com/sustainable-business/2016/aug/20/greenwashing-environmentalism-lies-companies.

What Are B Corps?" B Corporation, www.bcorporation.net/what-are-B-corps.

Wilburn, Kathleen, and Ralph Wilburn. "Evaluating CSR Accomplishments of Founding Certified B Corps." July (2015): n. pag. Web.