

Analysis of the B Corporation Small and Medium-Sized Enterprise Pipeline

Practicum - SEAS

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Contents

- I. Proposal
- II. Deliverable #1 – Community Analysis & Recommendations
- III. Deliverable #1 – Supporting Data
- IV. Deliverable #2 – Pipeline Analysis & Recommendations

NOTE: Some portions of the enclosed materials have been partially redacted to maintain client confidentiality.

Section I: Proposal

Elana Fox and Mike Ilardi
Masters Practicum Proposal DRAFT
February 24, 2017

Practicum Client: B Corps North America

Practicum Title: Sustainable Growth Strategies for the B Corps North America Network

B Corp Lead: Jessica Friesen, 773-983-3043, jessica@bcorporation.net

SNRE Advisor: Joe Arvai, 734-647-3891, jarvai@umich.edu

Student Team: Elana Fox, 216-408-0434, elanafox@umich.edu
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2. Project Overview:

The B Corps North America community is growing, and, to support this growth, the SNRE student team will analyze their current network and pipeline and develop a strategy for future strategic, sustainable network growth.

This project will be split into 3 phases to ensure maximum flexibility and ability to pivot the project as new learnings emerge and B Corps moves forward in its work.

The 3 project phases are:

- 1. WHO: Overview of B Corp Community and Pipeline**
 - a. *Objective:* To quantitatively analyze the the B Corps network and pipeline to understand current trends and demographic breakdowns
- 2. WHY: Community Motivations and Interests**
 - a. *Objective:* To qualitatively analyze the B Corps network and investigate business motivations and interests behind the trends identified in Phase 1
- 3. WHY & HOW: Community Interests & Priority Implementation Strategy for Growth**
 - a. *Objective:* To qualitatively analyze the B Corps network and investigate business motivations and interests behind the trends we found in Phase 1
 - b. *Objective:* To aggregate learnings into an actionable strategy for B Corp to pursue to maximize network growth.

Section II: Community Analysis & Recommendations

Certified



Corporation

B Corporations Community Analysis

Elana Fox and Mike Ilardi

University of Michigan Ross School of Business and
School of Natural Resources/Environment

Presentation Overview

1. Team Introductions
2. Project Overview + Methods
3. Certified Community Composition
4. Data Insights
5. Non-B Corps Interviews
6. Recommendations for next steps
7. Q&A



An Historic Global Culture Shift

is underway to harness the power of business to help address society's greatest challenges and to build a more inclusive economy.



Elana Fox



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+



Mike Ilardi

We are MBA/MS Candidates at the Erb Institute for Global Sustainable Enterprise with a combined 10+ years of experience working with growth companies and nonprofits in food/agriculture, business development, technology, impact investing, and social impact consulting

Project Overview

Year-Long Engagement (Mar 2017 - Feb 2018)

1. **WHO: Overview of B Corp Community and Pipeline (Mar-May 2017)**
 - a. *Objective:* Quantitatively analyze the the B Corps network and pipeline to understand current trends and demographic breakdowns

2. **WHY: Community Motivations and Interests (Sept-Nov 2017)**
 - a. *Objective:* Qualitatively analyze the B Corps network and investigate business motivations and interests behind key trends analyzed in Phase 1

3. **HOW: Priority Implementation Strategy for Growth (Nov 2017-Feb 2018)**
 - a. *Objective:* Aggregate learnings from Phases 1&2 and develop a priorities matrix and an actionable strategy for B Lab to pursue to maximize B Corps network growth

Phase 1 - Methods

- Focus on B Corps “lifecycle” databases:



- Analysis included:
 - Stand-alone analysis of each community in B Corps lifecycle
 - Breakdown by score, revenue, org size, corporate structure, industry, time in pipeline/stage, minority ownership, etc.
 - Index to U.S. business community at-large
 - Excluded Canadian businesses
 - Community comparison analysis
- Analysis tools = Microsoft Excel, Tableau
- Support from former economic consultant on data analysis

Data Insights

#1

Opportunities ≠ Certified Community

- The composition of the opportunities pipeline differs from the certified community. Notably, the opportunities pipeline is larger in revenue and prospect classifications (Big, Influencer).

#2

Slow & Steady Growth, Conversion

- Nearly all certified companies complete certification within 2.5 years from 1st login. Opportunity to Certified conversion rates are stable, as are period-over-period growth rates.

#3

Value of a Regional Presence

- Colorado notably overindexes in the B Corps community compared to the US business community at large and has the lowest attrition to certification ratio of any state.

#4

Attrition is Small, Fast

- Companies at highest risk of de-certification (attrition) are those with revenues under \$2M, especially those under \$150,000, and who move from 1st login to certification in 2 years or less.

Certified Community - Demographic Breakdown

Certified B Corps, Revenue

Annual Revenue, tiered

\$0-149,999	16.64%
\$150,000-1,999,999	43.33%
\$2,000,000-4,999,999	13.94%
\$5,000,000-9,999,999	9.04%
\$10,000,000-19,999,999	5.91%
\$20,000,000-49,999,999	5.91%
\$50,000,000-74,999,999	1.44%
\$75,000,000-99,999,999	0.76%
\$100,000,000-249,999,999	1.86%
\$250,000,000-499,999,999	0.59%
\$500,000,000-749,999,999	0.17%
\$750,000,000-999,999,999	0.17%
\$1,000,000,000+	0.25%

Certified B Corps, Geography

Region

Pacific	30.91%
Mid-Atlantic	15.88%
Canada	15.20%
Mountain	9.71%
South Atlantic	9.46%
New England	7.77%
East North Central Midwe..	5.41%
West North Central Midw..	2.20%
West South Central	1.94%
Non-contiguous states an..	1.01%
East South Central	0.51%

Certified B Corps, Industry

Directory Industry Catego..

Agriculture	21
Building	59
Business Products & Servi..	429
Consumer Products & Ser..	337
Education & Training Serv..	40
Energy & Environmental S..	52
Financial Services	115
Health & Human Services	32
Legal	4
Legal Services	20
Media	18
Restaurant, Hospitality & ..	28
Retail	21
Transportation & Logistics	8

Certified Community vs. U.S. Business Landscape

Revenue

Annual Revenue	U.S. Businesses	Certified B Corps	% Difference
<\$2M	68.60%	58.0%	-10.60%
\$2.5M - \$5M	7.91%	14.0%	6.09%
\$5M - \$10M	2.83%	9.0%	6.17%
\$10M-\$20M	1.36%	6.0%	4.64%
\$20M-\$50M	0.88%	6.0%	5.12%
\$50M-\$100M	0.30%	3.0%	2.70%
\$100M - \$500M	0.20%	3.0%	2.80%
\$500M - \$1B	0.02%	0.4%	0.38%
\$1B+	0.03%	0.2%	0.17%
Not Reported	17.9%	0.4%	-17.5%

Takeaway: B Corp population over-indexes in all but the smallest revenue bracket (<\$2M)

Geographic Region

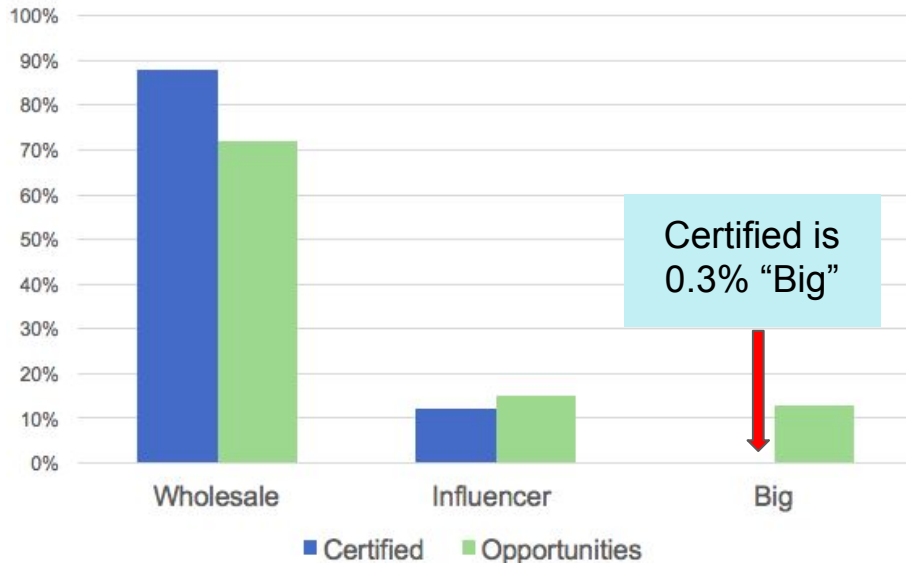
Geographic Region	U.S. Businesses	Certified B Corps	% Difference
E. North Central Midwest	14.0%	6.4%	-7.6%
East South Central	5.6%	0.6%	-5.0%
Mid-Atlantic	13.2%	18.7%	5.5%
Mountain	7.4%	11.5%	4.1%
New England	5.6%	9.2%	3.6%
Pacific	15.4%	36.5%	21.1%
South Atlantic	19.2%	11.2%	-8.0%
US Non-Contiguous	1.4%	1.2%	-0.2%
W. North Central Midwest	7.2%	2.6%	-4.6%
West South Central	11.0%	2.3%	-8.7%

Takeaway: B Corp population is highly over-indexed in Pacific region, substantially under-indexed in the W. South Central, South Atlantic, E. North Central Midwest, and E. South Central regions

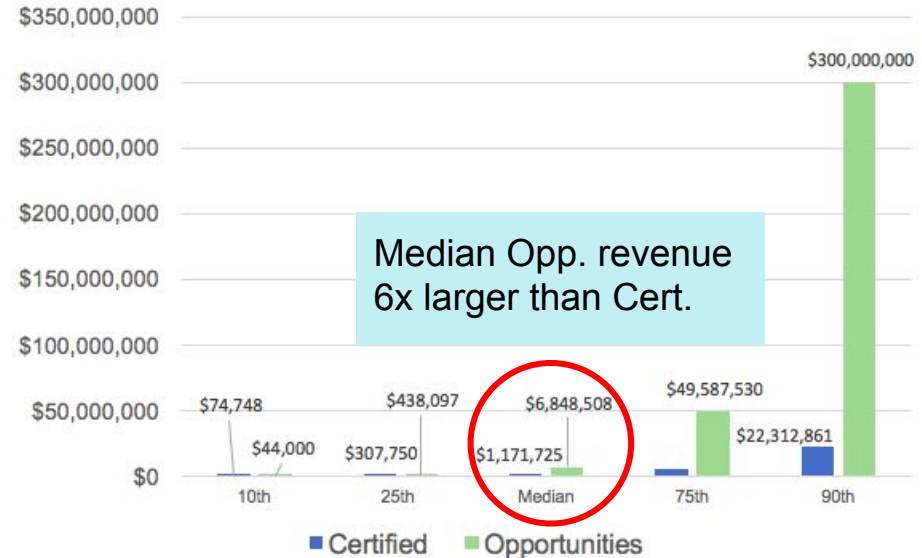
Insight #1: Opportunities ≠ Certified Community

How does the Opportunity Pipeline differ from the Certified Community?

Prospect Classification



Revenue



Insight #1: Opportunities ≠ Certified Community

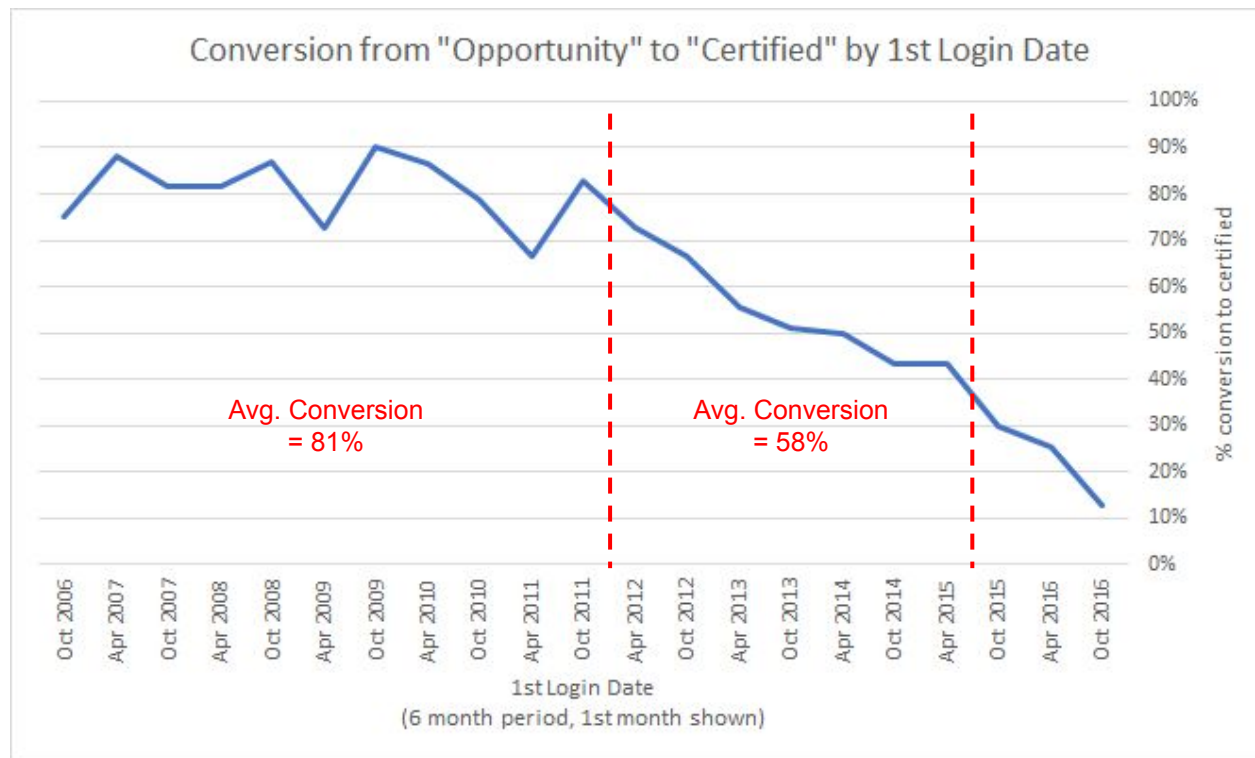
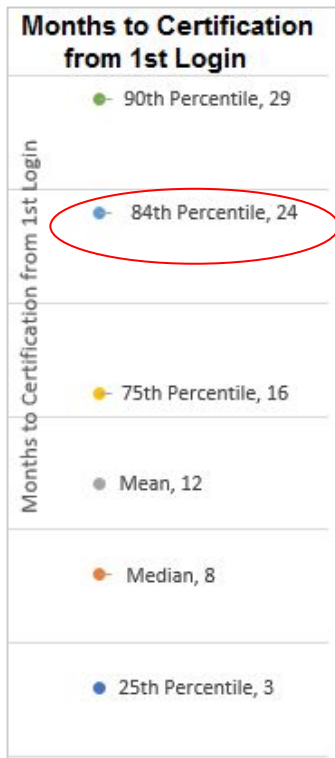
Why are Opportunities larger, by revenue, than Certified B Corps?

Hypothesis 1: This is intentional (top-down). B Lab sourcing strategies have evolved to target larger companies, which tend to be “Big” and “Influencers.”

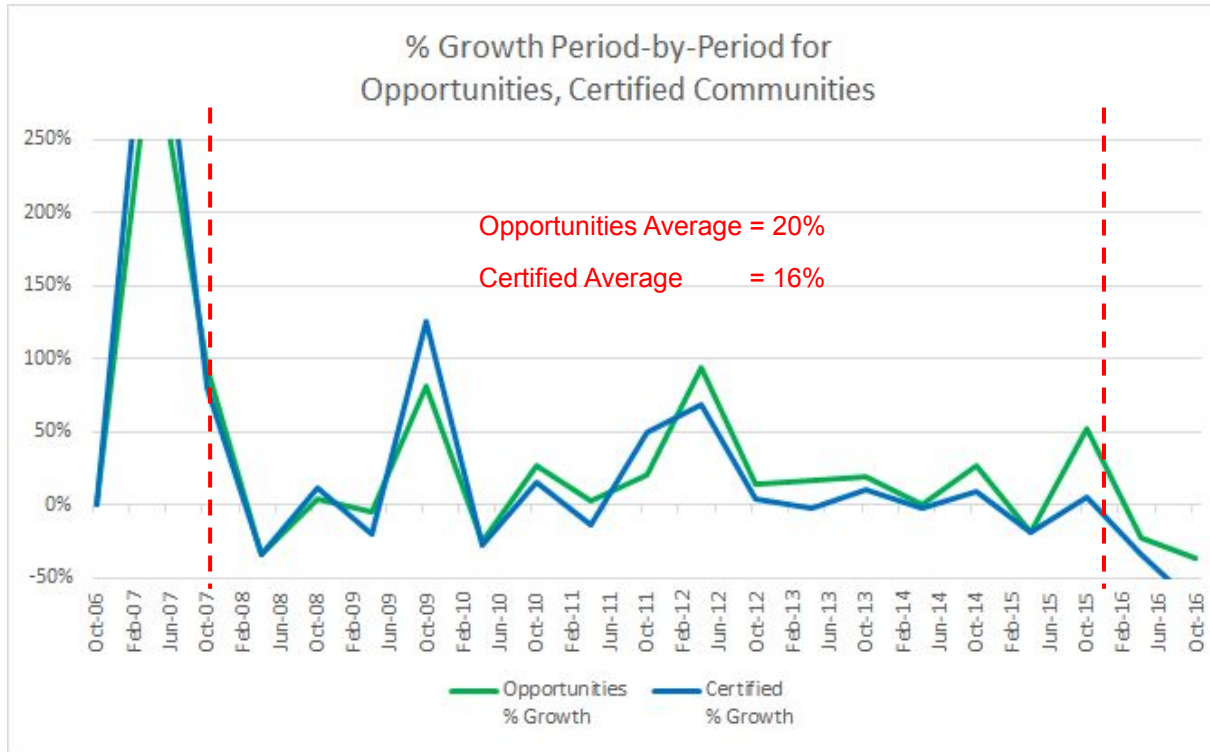
Hypothesis 2: This is unintentional (bottom-up), and indicates that larger companies are more likely to stay in the pipeline and not convert.

- **Note:** Median time in pipeline for Opportunities is **21 months**, while Median 1st Login to Certification is **8 months**

Insight #2: Slow & Steady Growth, Conversion



Insight #2: Slow & Steady Growth, Conversion



To grow certified B Corps network more quickly:

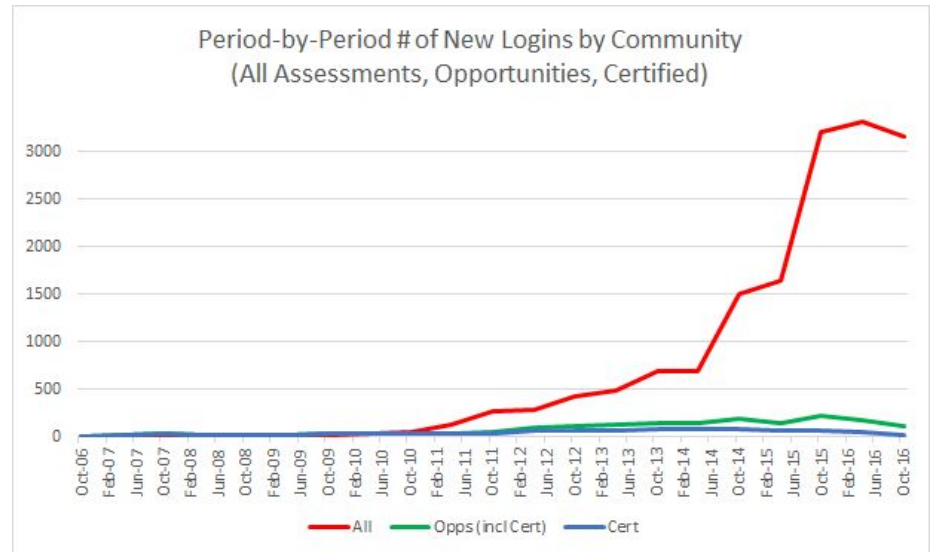
- Increase conversion from “opportunity” to “certified”
- Increase # of new opportunities entering pipeline

Insight #2: Slow & Steady Growth, Conversion

Why isn't increased growth in All Assessments community leading to increased growth in Opportunities or Certified community?

Hypothesis 1: More companies are starting to use the assessment as a tool, with few plans to certify.

Hypothesis 2: Increased interest in certification but something(s) are stalling progress up-front



Insight #3: Value of a Regional Presence

- “Mountain” contains 11.5% of U.S. B Corps versus 7.4% of U.S. businesses
- 72% of Mountain B Corps are in Colorado, the only state to notably over-index in this region
- Mountain region accounts for 6.8% of U.S. attrition; this results in the lowest attrition to certification ratio of all major regions

Mountain Region: % U.S. Businesses vs. % Certified vs. % De-certified

State1	% of U.S. B Corps	% of U.S. Businesses	% of De-Certified U.S. B Corps	% of U.S. B Corps
AZ	1.0%	1.9%	1.5%	0.00100 0.08267
CO	8.3%	1.9%	3.8%	
ID	0.9%	0.5%	0.0%	
MT	0.4%	0.5%	0.4%	
NM	0.5%	0.6%	0.4%	
NV	0.1%	0.8%	0.0%	
UT	0.2%	0.8%	0.8%	
WY	0.1%	0.3%	0.0%	

Insight #3: Value of a Regional Presence

Why is the certification rate higher, and attrition rate lower, in Colorado than in other areas without a regional presence?

Hypothesis: The specific regional focus and high-touch nature of the Colorado team helps more companies certify and stay certified

Application: If true, this supports the planned regional presence in North Carolina

- Opportunity to engage a high-attrition population currently under-indexing in influencers

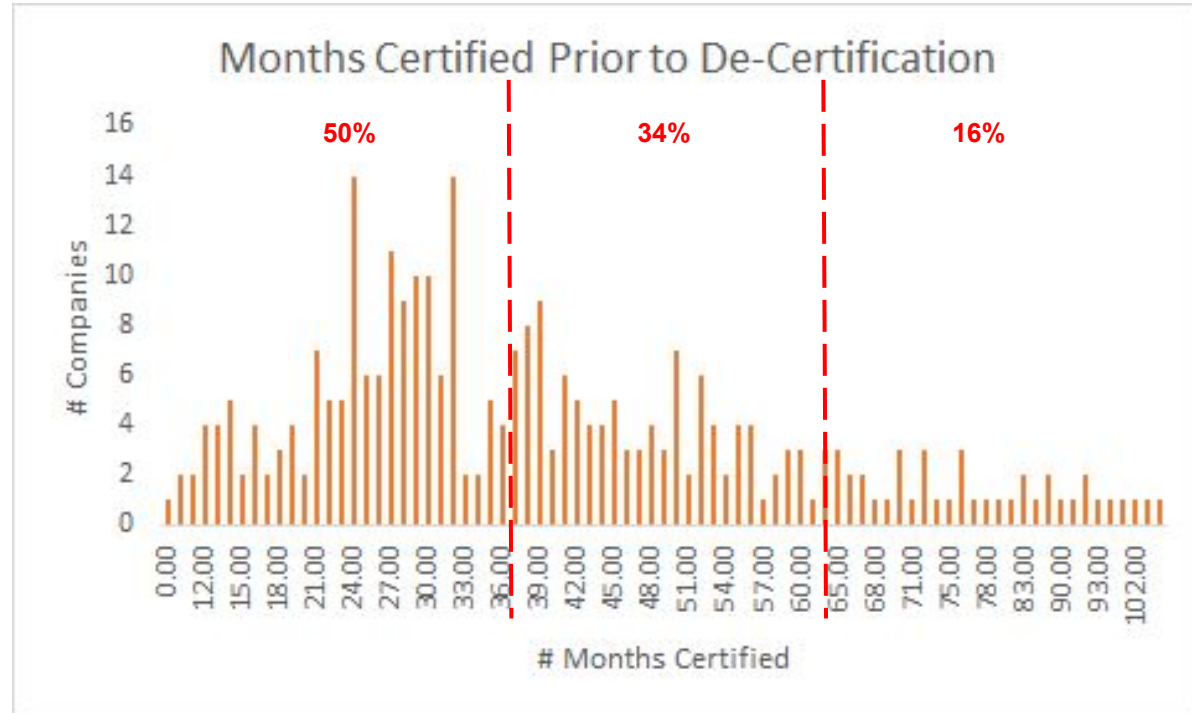
Snapshot, South Atlantic and North Carolina

	% NA Certified	% U.S. Certified	% Influencers	% Wholesale	% U.S. Attrition	% NA Attrition	Median Revenue
South Atlantic	9%	11%	7%	93%	17%	15%	\$ 1,068,528
North Carolina	3%	3.6%	3%	97%	6.1%	5.4%	\$ 1,250,000

Insight #4: Attrition is Small, Fast

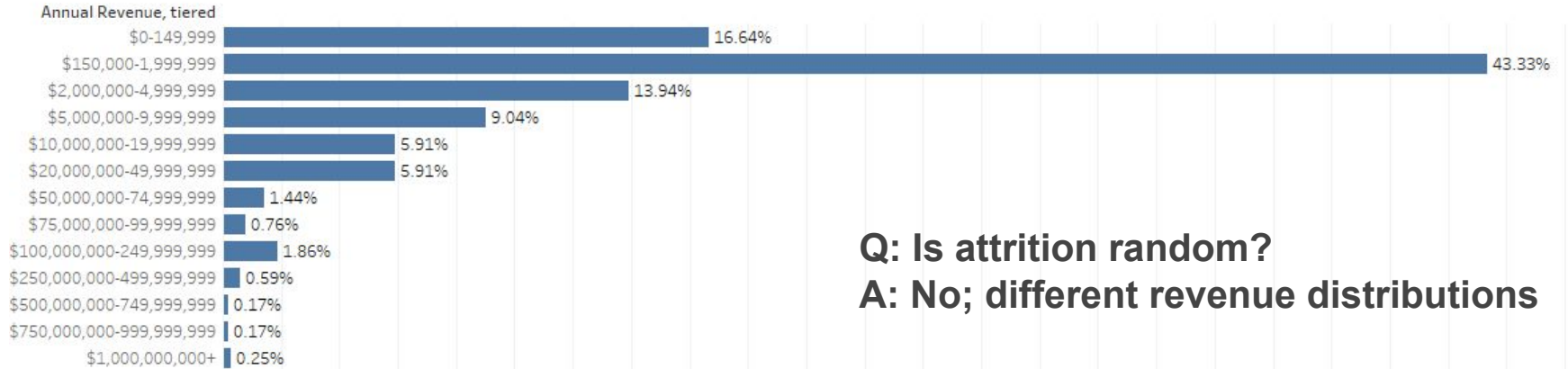
When do companies de-certify?

- Median = 3 years certified
 - <2 years = 17%
 - 2-3 years = 38%
- 84% decertify in <5 years
- Companies that complete 2nd renewal (year 6) have reduced risk of attrition



Insight #4: Attrition is Small, Fast

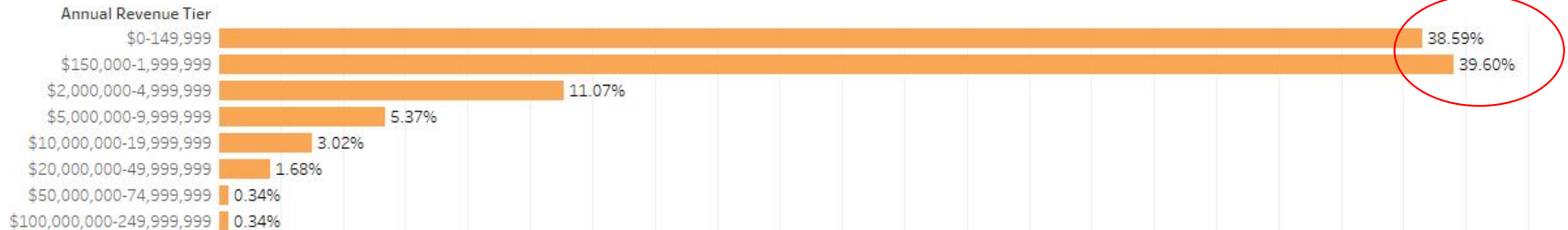
Certified B Corps, Revenue



Q: Is attrition random?

A: No; different revenue distributions

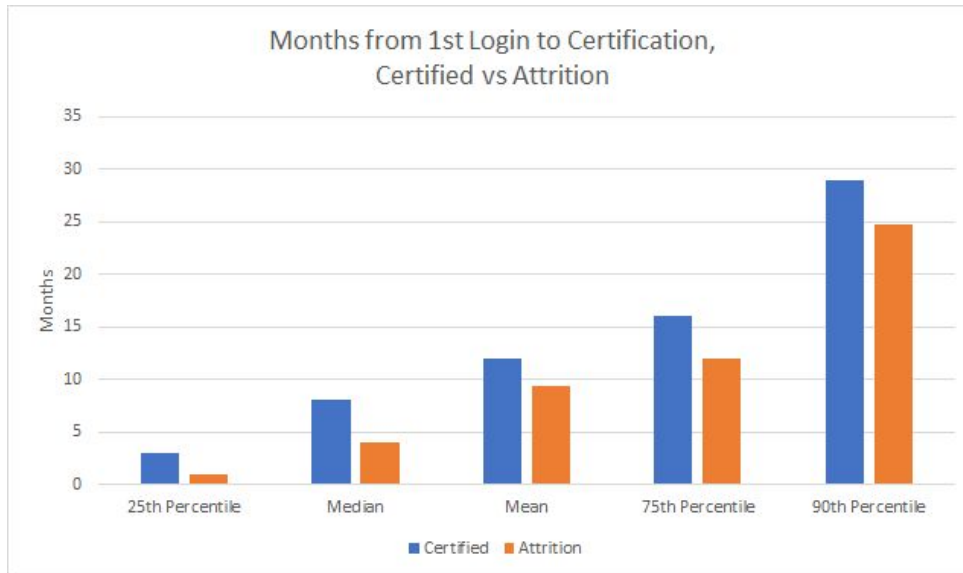
De-Certified B Corps, Revenue



Insight #4: Attrition is Small, Fast

Is attrition random?

No. Attrition community certifies more quickly.



Why do small, quick-to-certify companies decertify at the highest rates?

- **Hypothesis 1:** Lower value from certification
- **Hypothesis 2:** Less likely to have changed structure, operations to certify - lower fixed cost incentive to stay certified

Demographic Constants

There was little variation among the following attributes across the six databases:

- **Industry** - Highly concentrated in services
- **Score** - No correlation between score and (de)certification; only Opportunities varied with much lower median scores
- **Geography** - Pacific, Mid-Atlantic, Canada, South Atlantic, New England have largest concentrations; Non-contiguous and East South Central Midwest have smallest
- **Org. & Revenue Size** - Larger companies tend to take longer to certify

Non B-Corp Interview #1

Michigan-based “farmers market” grocery store

- Mission: Grow the local food and farming economy.
- Quote: *“I think we’re viewed as a pretty authentic organization without any third party needing to say we are.”*
- Quote: *“We just want to execute, you know, a simple plan. Just do our part to help the food economy. One little piece. And everyday people come in and say, you know, you should do this, you should do that...But when you start to get into ‘well can we do something else,’ it would be taking the money from farms...And that’s not what we’re about.”*

Takeaway: This values-driven entrepreneur views the B Corp certification as a financial investment; currently believe it to be superfluous; and will only pursue it if s/he is convinced that it will yield increased visibility and revenue without detracting from mission.

Non B-Corp Interview #2

Nascent Oregon-based cidery; owner was formerly employed by a B Corp

- **Mission:** Make/sell an outstanding product and grow the business sustainably
- **Quote:** *“...it’s still unclear if there is a critical mass of folks in the market who know and care what B Corp is, especially in food, versus Certified Organic on a label...”*
- **Quote:** *“And I have my own value system that is much in line with B Corp certification: environmental stewardship, being conscious of employee benefits, not being wasteful, whatever. And I’m going to do that regardless, but I’m not going to pay for that certification until people care that I have that certification.”*

Takeaway: This values-driven entrepreneur views the B Corp certification as a financial investment; currently believe it to be superfluous; and will only pursue it if s/he is convinced that it will yield increased revenue & profit (less interested in community aspect)

Next Steps

Prospective Phase 2 Focus Areas:

1. **Opportunities that Don't Convert** - Seek to understand who is stuck in the pipeline, why they cannot certify, and if there is a true conversion time “threshold,” past which companies will likely not certify
2. **All Assessments** - Determine whether there are specific actions that B Lab could take to translate growth in All Assessments pipeline to Opps. and Cert.
3. **★ Mountain (CO) vs. South Atlantic (NC)** - Determine which practices from the regional presence in CO can be applied to NC and the high-attrition South Atlantic region
4. **★ Attrition Community** - Learn more about the companies that have de-certified, which companies are at risk for de-certification, and why?

Next Steps - New Methods

Any of these three prospective Phase 2s will likely require substantial qualitative analysis, in addition to continuing quantitative analysis:

Interviews, like the examples cited earlier, provide rich behavioral insights but are time- and labor-intensive. We estimate being able to conduct ≤ 20 interviews.

Surveys are easier to conduct, but the data is self-reported and the behavioral insights are typically less precise. With B Lab's assistance in distributing, we would be able to survey much larger population than with interviews alone.

Q & A

Note: Additional visualizations have been included in the Appendix and all models are accessible for exploration and customization

Appendix

States by Region - Legend

New England

- CT
- MN
- MA
- NH
- RI
- VI

East North

Central Midwest

- IL
- IN
- MI
- OH
- WI

Mid-Atlantic

- NJ
- NY
- PA

South Atlantic

- DE
- FL
- GA
- MD
- NC
- SC
- VA
- DC
- WV

West South Central

- AR
- LA
- OK
- TX

West North

Central Midwest

- IA
- KS
- MN
- MO
- NB
- ND
- SD

East South Central

- AL
- KY
- MI
- TN

Mountain

- AZ
- CO
- ID
- MT
- NV
- NM
- UT
- WY

Pacific

- CA
- OR
- WA

Non-Contiguous

- AK
- HI

Geography

Certified Community

- Largest: Pacific (31%), Mid-Atlantic (16%), Canada (15%), Mountain (10%), South Atlantic (9%)
- Smallest: East South Central (1%), Non-contiguous (1%)

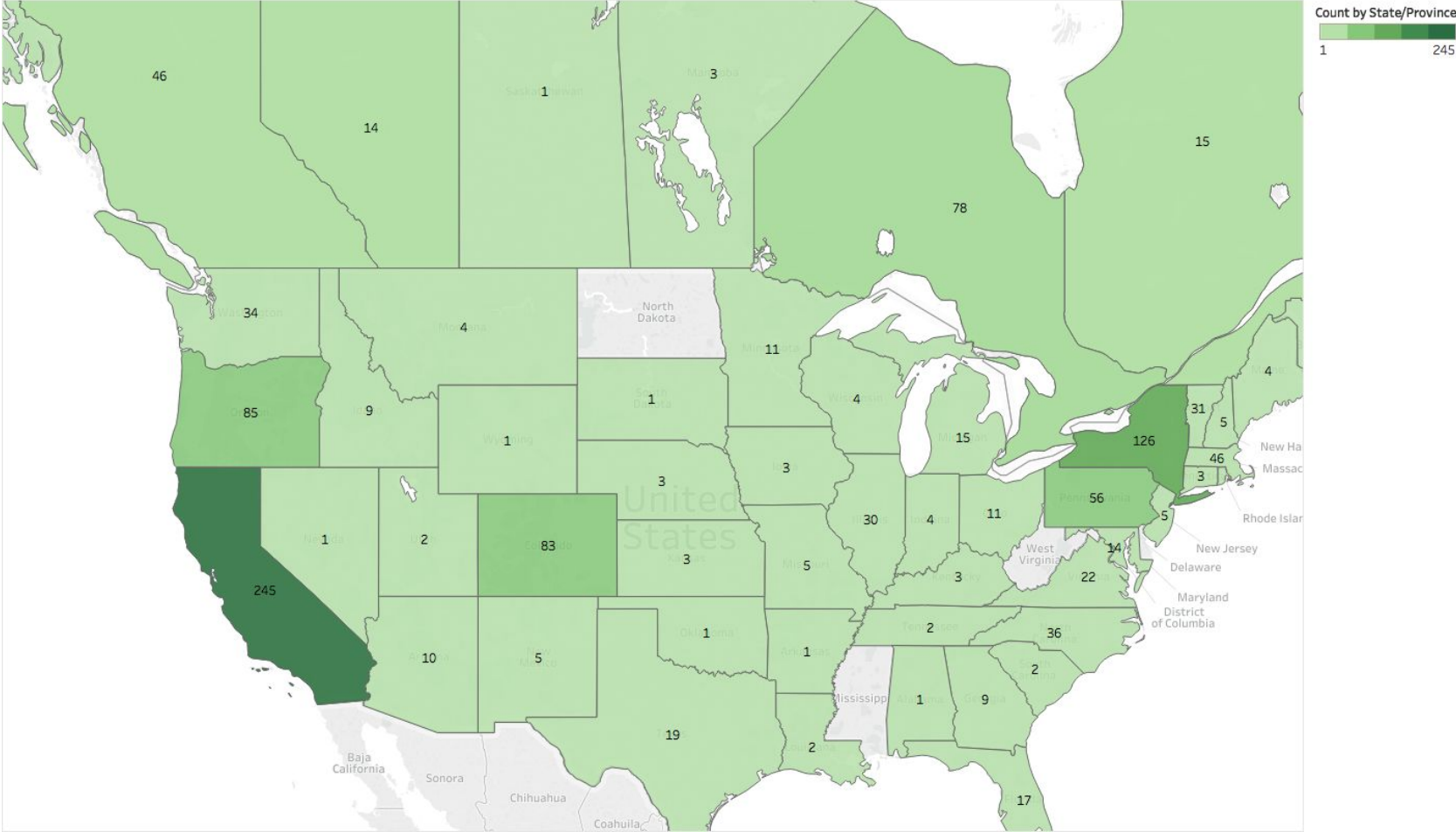
Attrition Community

- Largest: Pacific (36%), Mid-Atlantic (17%), South Atlantic (15%), Canada(12%)
- Smallest: Non-contiguous (0%), West North Central (0%), [*Notable: Mountain (6%)*]

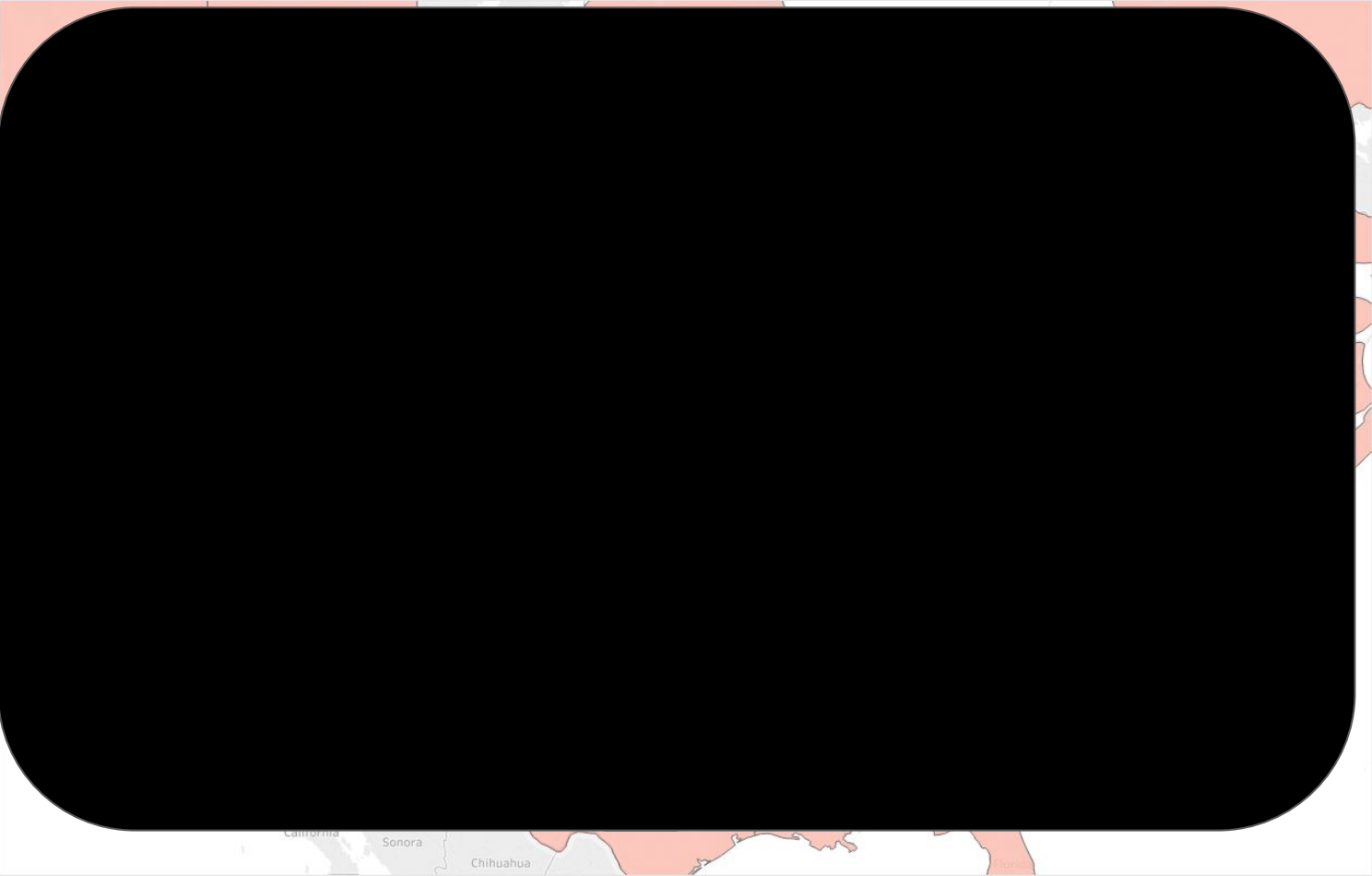
Opportunities (All, Including “Big”)

- Largest: Pacific (24%), Mountain (13%), Mid-Atlantic (13%), South Atlantic (8%), Canada (7%)
- Smallest: Non-contiguous (0%), East South Central (1%), West North Central (2%), West South Central (3%)

Certified Community by State



Attrition by State



All Opportunities by State



Revenue

Certified Community

- Influencer is revenue considerably greater than wholesale revenue across the entire distribution
- Among the large geographies (>10%) Pacific has the highest revenues
- Among the large geographies (>10%) Canada has the lowest revenues

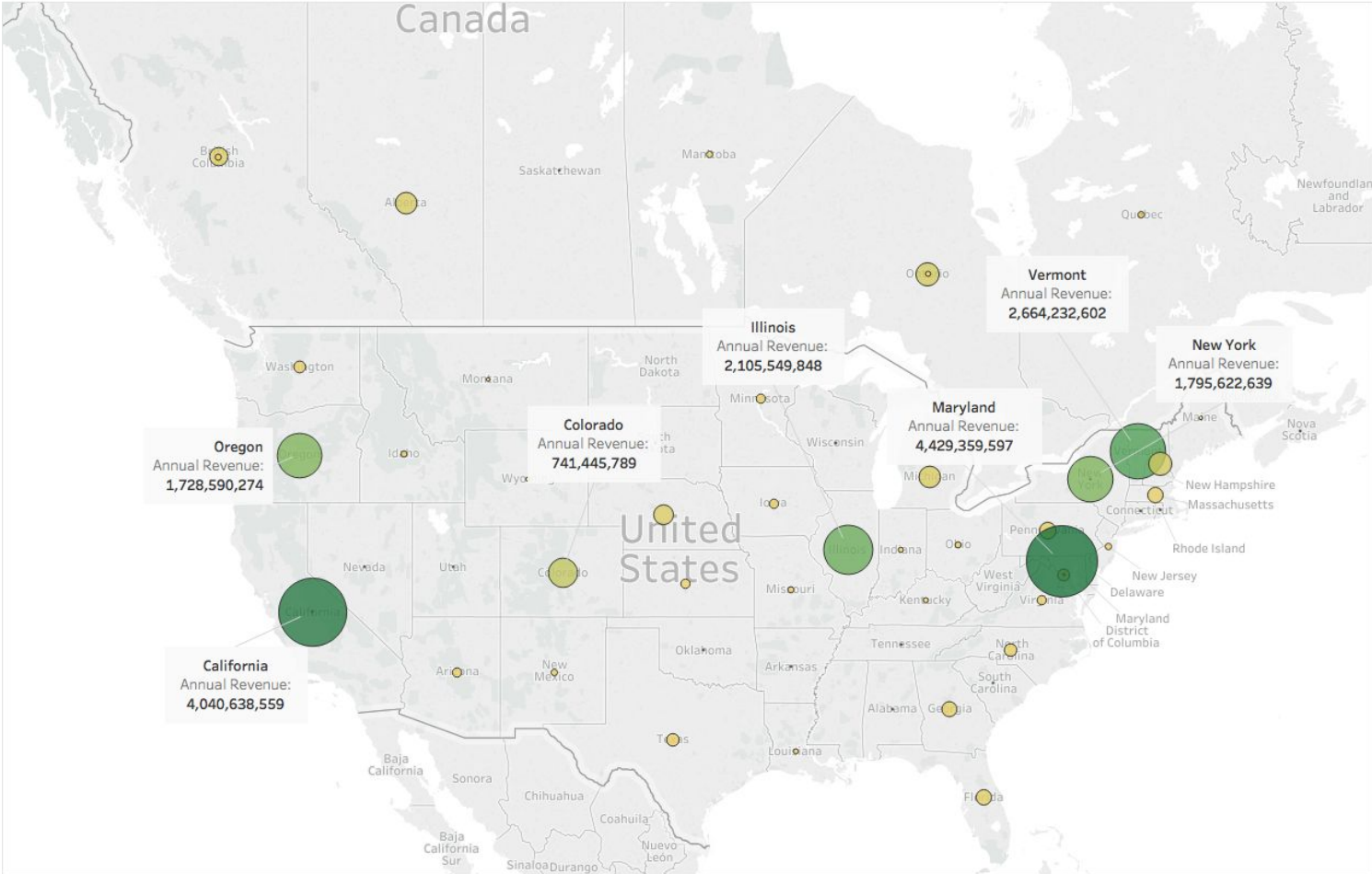
Attrition Community

- Most attrition (78%) is of companies with revenues <2M
- No attrition over \$75M revenue

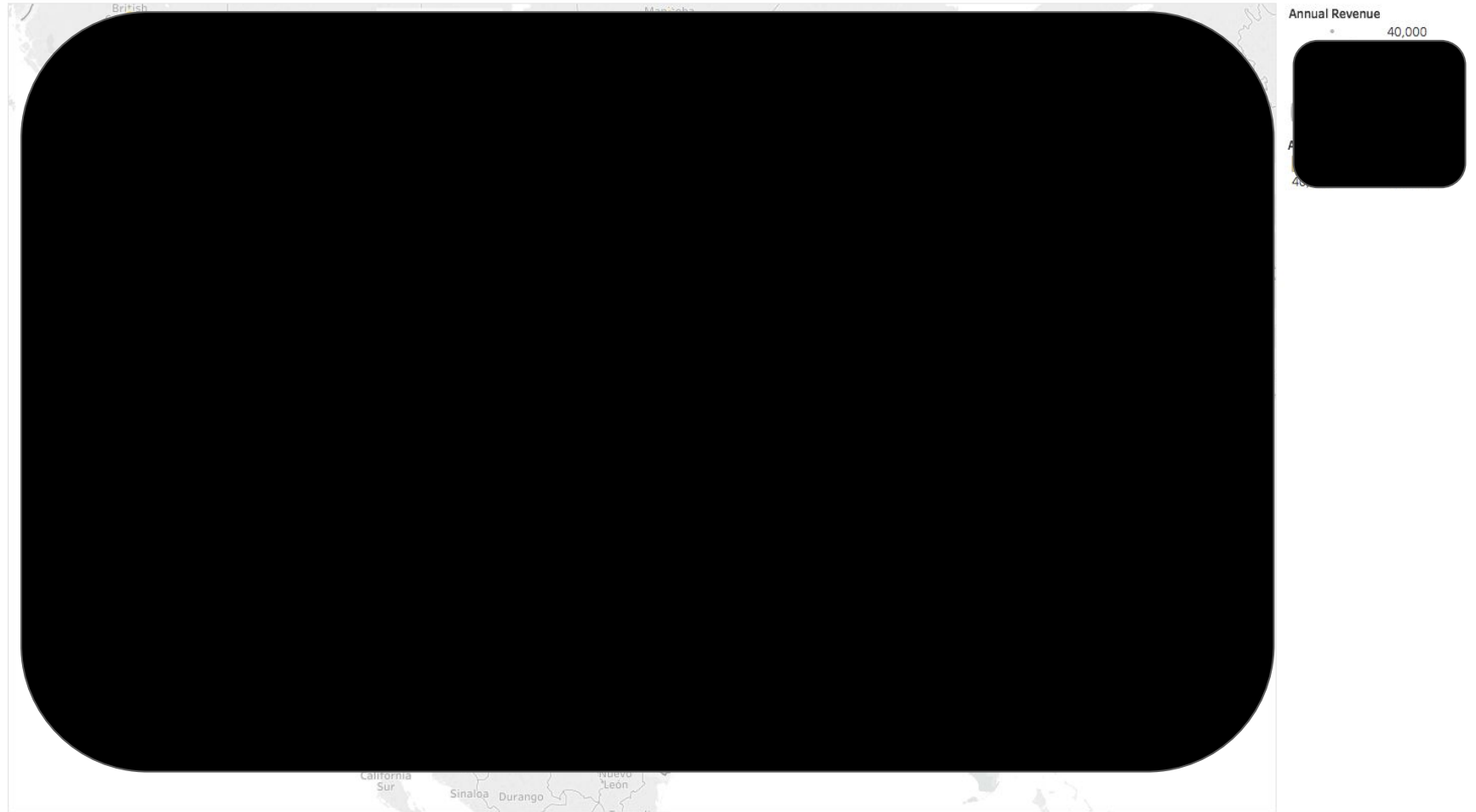
Opportunities (All, Including “Big”)

- Median revenue = 1.4M
- 29% of Opportunities have not reported revenue
- Revenues are below median for 3 largest industries: Professional & technical services; Manufactured Goods; Retail - medians range from 238-419K)

Certified Revenue by State



Attrition Revenue by State



Opportunity Revenue by State

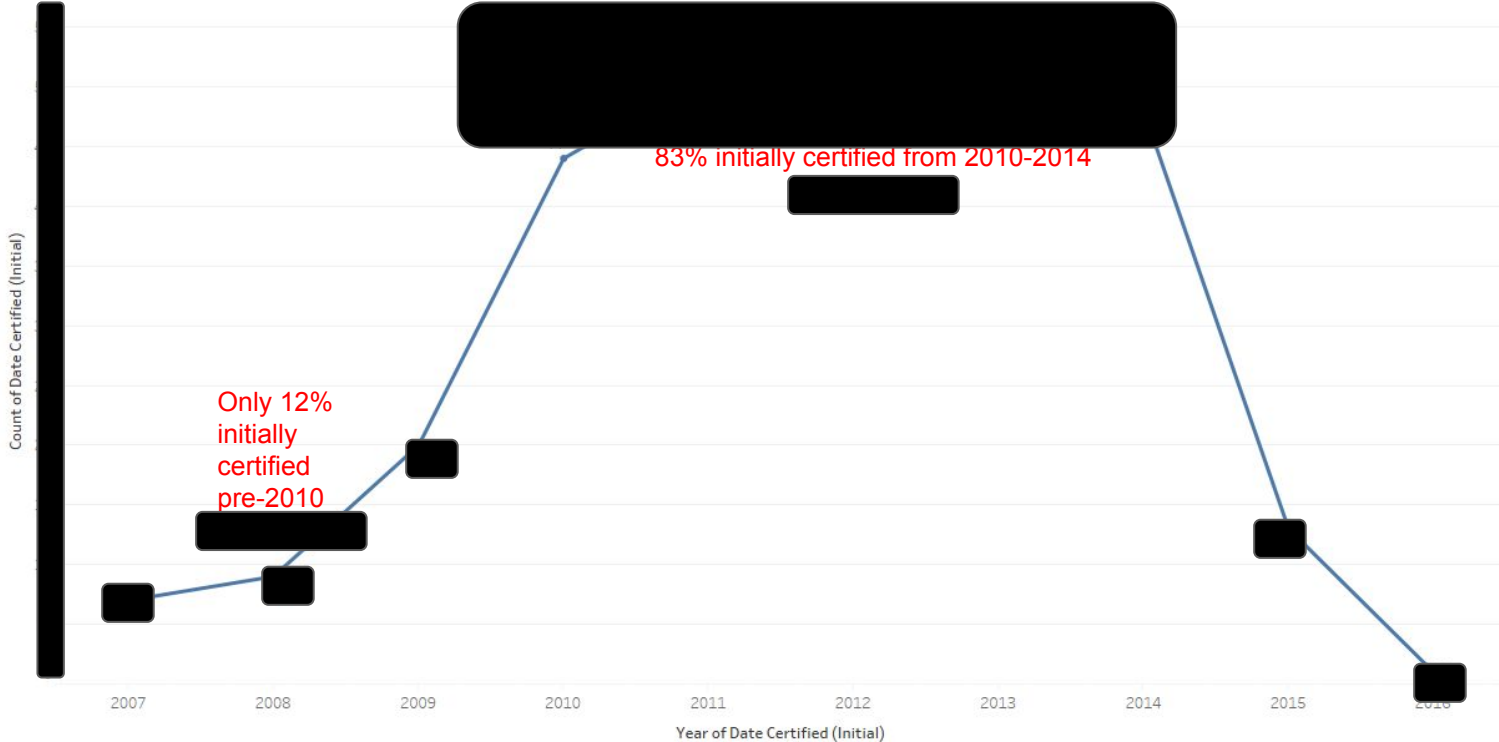


Annual Revenue
975,173

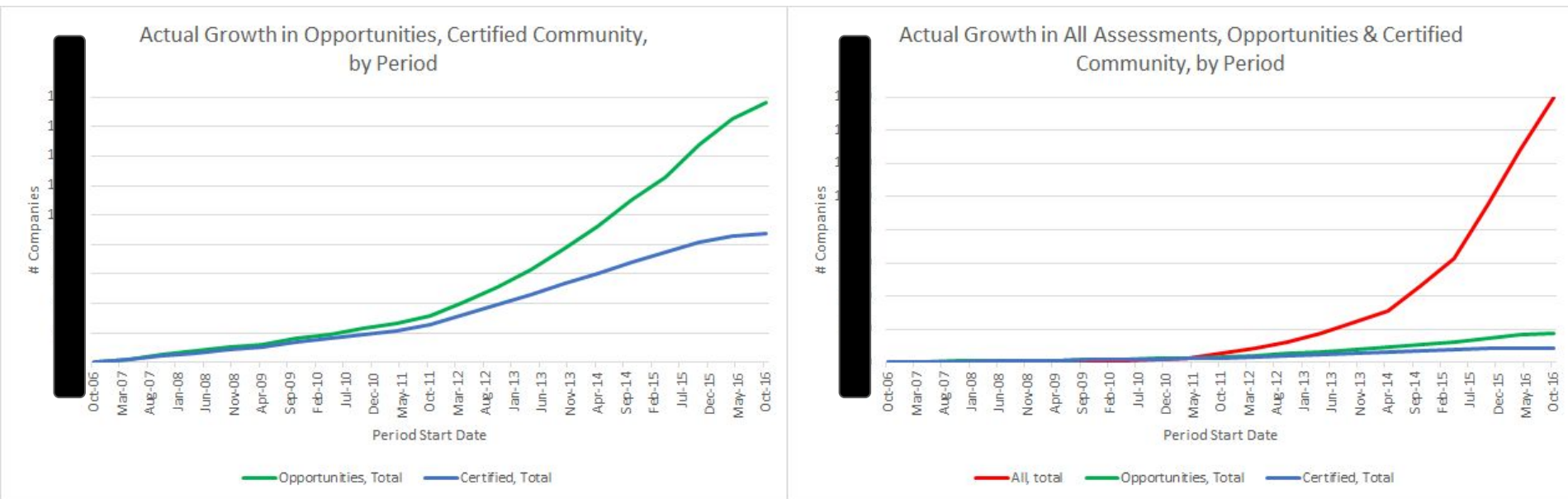
26,905,723,997

Initial Certification Dates for Attrition Community

Attrition Community by Original Certification Date



Actual Growth in All Assessments, Opportunities, Certified Communities



Note: The graph on the left excludes All Assessments while the graph on the right includes All Assessments and is re-scaled

Note: Our numbers may look slightly different than your internal figures because we have not accounted for companies leaving each community (eg, attrition) in these growth trends.

Section III: Supporting Data for Community Analysis

B CORPS COMMUNITY ANALYSIS

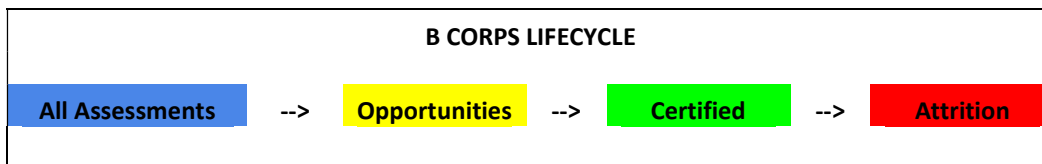
OBSERVATIONS & INSIGHTS

Mike Ilardi & Elana Fox
University of Michigan, B Lab Masters Practicum
April 2017

For this analysis, we used the following “snapshot” B Corps datasets from 2007-March 2017:

- **All Assessments** – long-run wholesale pipeline
- **Opportunities** – short-term pipeline
 - All opportunities
 - All opportunities minus “Big” companies
 - All opportunities, wholesale only
- **Certified** – companies currently certified as B Corps
- **Attrition** – companies that have de-certified or failed to renew certification

We first analyzed each dataset individually to understand demographic breakdowns and trends. Then, to understand the full lifecycle of companies in the B Corps community at-large, we analyzed each dataset compared to those immediately prior to and following it in the lifecycle. This analysis highlights shifts in the community throughout the lifecycle.



An overview of this analysis, with a focus on key observations and insights is included here. Where possible, we included key numbers and percentages to support insights. Please keep in mind that this document is intended to share as many insights as possible; if you want a brief overview of key findings, please focus your attention on page 2.

The following is included in this document:

Key Analysis Insights	Page 2
Observations & Insights, by Dataset	Pages 3-9
Observations & Insights, Dataset Comparisons	Pages 10-14

Key Analysis Insights

Insight #1: Opportunities ≠ Certified Community

- The composition of the Opportunities pipeline differs from the Certified Community. Notably, the opportunities pipeline is larger in revenue and prospect classifications (Big, Influencer)
 - *Hypothesis 1:* This is intentional (top-down). B Lab sourcing strategies have evolved to target larger companies, which tend to be “Big” and “Influencers”.
 - *Hypothesis 2:* This is unintentional (bottom-up) and indicates that larger companies are more likely to stay in the pipeline and not convert.

Insight #2: Slow & Steady Growth, Conversion

- Nearly all certified companies complete certification within 2.5 years from 1st login. Opportunity to Certified conversion rates are stable, as are period-over-period growth rates. However, significant growth in the All Assessments community is not reflected in the Opportunities, Certified communities.
 - *Hypothesis 1:* More companies are starting to use the assessment as a tool with few plans to certify.
 - *Hypothesis 2:* Increased interest in certification but something(s) are stalling progress up-front.

Insight #3: Value of a Regional Presence

- Colorado notably over-indexes in the B Corps Community compared to the US business community at-large and has the lowest attrition-to-certification ratio of any state.
 - *Hypothesis 1:* The specific regional focus and high-touch nature of the Colorado team helps more companies certify and stay certified.

Insight #4: Attrition is Small, Fast

- Companies at highest risk of de-certification (Attrition) are those with revenues under \$2M, and especially those with revenues under \$150,000, and who move from 1st login to certification in 2 years or less
 - *Hypothesis 1:* Lower value from certification
 - *Hypothesis 2:* Less likely to have changed structure or operations to certify and, thus, have a lower fixed cost incentive to stay certified.

All Assessments, Wholesale

Community Size	
Assessment Scores	<ul style="list-style-type: none"> -Median 23, Mean 34 -20% of scores are 0 -88% of companies score <80 -Somewhat positive relationship between score and % assessment completed ($R^2=0.6$) -Lowest scores in Mid-Atlantic (Med 17), West South Central (Med 19) -Highest scores among those companies w/ unreported geography (Med 58) -Companies w/o revenue reported have scores much lower than companies that report revenue (Med 16, 92% below 80) -Companies \$0-50M have median scores ~42/43 -Companies \$0-5M have slightly higher scores, on average, than companies \$5-50M -Companies with org size 0-49 have higher score trends than those >50 (med 24) -Not much difference in score by industry -Scores lowest for construction (med 12.5) -Scores highest for finance & insurance (med 31), Waste Management & Recycling (med 29)
Revenue	<ul style="list-style-type: none"> -69% of companies have not reported revenue -Median revenue = \$170,000 -Nearly all companies <\$50M -95% are <\$10M; 76% are < \$1M -Highest rev. in: construction; energy; manufactured goods; real estate, design & building -Lowest rev. in: Agriculture, forestry & fishing; Arts, Entertainment, & Recreation; Education; Human health & social work; ICT; Waste Management & Recycling; Water & Sewerage
Geography	<ul style="list-style-type: none"> -Largest regions = Pacific (22%), Mid-Atlantic (19%), Canada (13%), South Atlantic (12%) -Smallest regions = US Non-Contiguous (0%), East South Central (1%), West North Central Midwest (3%), West South Central (3%) -- 6% unreported geography
Time in Pipeline	<ul style="list-style-type: none"> -Median 14; Mean 20 -41% of companies have been in pipeline 12 mo. or less; 71% @ <24 mo; 85% @ <36 mo. -Time in pipeline is similar across geographies -Companies not reporting geography tend to spend much longer in pipeline, on average (47 months compared to 15-18 months), than companies that report geography -Time in pipeline trends shortest for companies with <\$5M in revenue -Companies that don't report revenue have, trend-wise, been in the pipeline notably less time than those that report revenue of any size
Org Size	<ul style="list-style-type: none"> -71% of companies have 0-9 employees -89% have <50 employees (18% @ 10-49)
Industry	<ul style="list-style-type: none"> Retail (15%), Professional & Technical Services (15%), Manufactured Goods (9%), ICT (9%) -3% not reported
Prospect Classification	99% low-touch
Women Owned	<ul style="list-style-type: none"> -5% of companies are women-owned -63% are in Pacific (26.2%), Mid-Atlantic (21.9%), and South Atlantic (14.4%) geographies -4-6.5% of businesses in all regions, except for Canada (0.1%) and US Non-Contiguous (2.8%) -53% of women-owned businesses have \$0-2M in revenue, compared to 24% for ALLASS -39% did not report revenue, compared to 63% for ALLASS -82.6% of women-owned businesses have an org size 0-9, compared to 66% for ALLASS -55% are in the 4 largest industry categories, compared to 45% for ALLASS -Notably overindex in Professional & Technical Services; Publishing - Print; Waste Management & Recycling; Wholesale
Minority Owned	<ul style="list-style-type: none"> -3% of companies are minority-owned -67% are located in Mid-Atlantic (29%), Pacific (25%) and South Atlantic (13.1%) regions -West South Central and Mid-Atlantic overindexes, at 5.3% and 4.9% respectively -Canada underindexes on minority-owned businesses, at 0.1% -50% of minority-owned businesses report revenue < \$2M, compared to 24% of ALLASS -Only 45% of minority-owned businesses did not report revenue, compared to 63% in ALLASS

All Assessments, Pipeline Entry Past 6 months (Oct 2016-Mar 2017)

Community Size	[REDACTED]
Assessment Scores	<ul style="list-style-type: none"> -Median 4; Mean 22 -Among companies that reported revenue, median/mean scores significantly higher than unreported (19-43 median score compared to 2 median score for unreported) -Somewhat positive relationship between score and % assessment completed ($R^2=0.6$) -Score trends higher for companies with 0-49 org size, compared to those with 50+ org size -Lowest scores in West North Central Midwest
Revenue	<ul style="list-style-type: none"> -Median \$150,000; Mean \$1.4M -80% unreported revenue -All reported revenue <\$50M -Among reported revenue, 85% <\$2M, 77% <\$1M -Highest revenues for energy industry
Geography	<ul style="list-style-type: none"> -25% from Pacific -70% from 4 geographics: Pacific, Canada (15%), Mid-Atlantic (15%), South Atlantic (15%) -Regions with highest revenue: New England, West North Central Midwest, West South Central -Regions w. lowest revenue: East North Central Midwest, South Atlantic
Time in Pipeline	<ul style="list-style-type: none"> -All entered in last 6 months -No major variation across revenue, geography, org size, industry
Org Size	<ul style="list-style-type: none"> -69% of companies are 0-9 org size -88% have < 50 employees
Industry	<ul style="list-style-type: none"> -Largest industries are: Retail (17%), Professional & Technical Services (14%), ICT (10%), Manufactured Goods (10%) -No notable variations in score by industry
Prospect Classification	100% low-touch
Women Owned	-4 total [REDACTED]
Minority Owned	-1 total [REDACTED]

Opportunities, All

Community Size

Assessment Scores

- 50% of All Opps have scores of 1 or 0
- Low-touch Opportunities have more points than non low-touch Opportunities
- Canadian Opportunities have more points than non-Canadian opportunities
- Smaller Opps (0-\$5M) have more points than larger Opps
- ** -We believe that "0" includes "not reported" and is skewing the data

Revenue

- At the 50th percentile and above, Influencer scores are about 25% those of Big companies
- East North Central Midwest has highest revenues of major concentrated regions
- ** -We think "0" includes unreported and is skewing the data
- Otherwise, larger org size = more revenue

Geography

- Largest: Pacific (24%), Mountain (13%), Mid-Atlantic (13%), South Atlantic (8%), Canada (7%)
- Unknown (4%)

Time in Pipeline

- Median: 22 months; Mean: 29 months
- 25% of companies have been in pipeline for 13 mo or less
- 70% of companies have been in pipeline for 70% or less
- Low touch companies spend less time in the pipeline as compared to influencers / connected

Org Size

- Loose positive correlation between org size and time in pipeline

Industry

- Largest: Professional & Technical (14%), Manufactured Goods (13%), Retail (9%)
- 24% Not reported
- Wholesale is highly concentrated in Canada (14%)

Prospect Classification

- Influencer: 18%
- Low-touch: 38%
- Connected: 34%
- Big: 13%

Opportunities, All except "Big"

Community Size

Assessment Scores

- 50% of OPPS(-BIG) have a score of 4.5 or below
- More low touch OPPS(-BIG) have accumulated points, compared to Influencers and Connected companies, relative to each quartile
- East South Central (11 companies) score notably high: 67 median, 81 at 75th percentile compared to 30 and 60, respectively)
- Canadian companies have marginally higher scores than non-Canadian
- By revenue, smaller companies (0-50) have more points than larger companies
- Smaller companies (0-50) have notably higher scores than companies in the 50-249 range
- Companies that have 0 employees (or don't report) tend to have lower scores; 75% of all "0" org size companies score 0 (could indicate issue with data)

Revenue

- Wholesale tend to have revenues of 1-6% that of influencers
- East North Central Midwest has higher revenues than the other major geographic concentrations, excluding min/max
- There seems to be a relationship between org size and revenue, excluding "0," which has much higher scores than it should (most likely). I believe that Org size of "0" in OPPS-BIG includes those companies that did not report org size
- Manufactured goods revenues are low

Geography

- Largest regions: Pacific (28%), Mountain (17%), Mid-Atlantic (14%), Canada (10%), New England (7%)
- 4% unknown

Time in Pipeline

- Median: 23 months; Mean: 29 months
- 25% of companies have been in pipeline for 13 mo or less
- 70% of companies have been in pipeline for 3 years or less
- Low touch companies spend less time in the pipeline as compared to influencers / connected
- The correlations between revenue and time in the pipeline are at \$1B+ category (longer) and 0-\$150k category (shorter). In the middle it's much less clear.

Org Size

- Loose positive relationship between org size and time in pipeline

Industry

- Largest: Professional & Technical (15%), Manufactured Goods (13%), Retail (10%)
- 23% Not reported
- Wholesale is highly concentrated in Canada (15%)

Prospect Classification

- Influencer: 18%
- Low-touch: 44%
- Connected: 39%

Opportunities, Wholesale

Community Size

Wholesale is 1% by revenue and 46% by count of full OPPS pipeline

Assessment Scores

- Median 6, Mean 31
- 46% of scores are 0 (63% of 0s are "connected"; % of "0" scores reduces to 17% of wholesale opportunities if exclude "connected")
- 92% of companies score <80
- Scores much higher for low-touch than connected
- Highest scores in Canada (med 28.5), Mid-Atlantic (med 18)
- Lowest scores in Mountain (med 0), New England (median 1), and unreported (median 0)
- The smaller the company by revenue, the higher the median/average score
- Companies with 0 FTE have notably lower scores than all other org size categories
- Scores are highest for companies with 1-49 employees

Revenue

- 29% of companies have not reported revenue
- Median revenue = 1.4M
- Nearly all companies have <50M
- 53% have <\$10M
- Revenues are highest in East North Central Midwest
- Revenues are lowest in East South Central, Mountain, and Canada
- Revenue trends below median/average for 3 largest industries: Professional & technical services; Manufactured Goods; Retail - median 238-419K)

Geography

- Largest regions = Pacific (28%), Mountain (17%), Mid-Atlantic (14%), South Atlantic (10%), Canada (10%)
- Smallest regions = US Non-Contiguous (0%), East South Central (1%), West North Central (2%), West South Central (2%)
- 5% unreported geography

Time in Pipeline

- Median 23; Mean 28
- 25% of companies have been in pipeline 1 year or less
- 51% of companies have been in pipeline 2 years or less
- 72% of companies have been in pipeline 3 years or less
- Companies with <\$150K in revenue spend least amount of time in pipeline (median 17 months)
- Companies with smallest org size (0) spend less time in pipeline compared to orgs of other sizes (median 18 months)
- Industry appears to have little impact on time-in-pipeline
- 371 companies have no "1st Login" date listed; 249/371 are "Connected" (67%)

Org Size

- 57% of companies have 0-9 employees
- 80% of companies have <50 employees (25% @ 10-49)

Industry

- Largest are Professional & Technical Services (14%), Manufactured Goods (14%), Retail (10%)
- 23% not reported
- Canada has a lot of businesses in manufactured goods (25/105=23%)
- South Atlantic, New England, and Canada overindex in Professional & Technical Services (SA 26/112=23%; NE 13/61=21%; CA 25/105=24%)
- Finance & Insurance companies clustered in South Atlantic, Pacific, and Mountain regions

Prospect Classification

53% low-touch; 47% connected

Certified, All	
Community Size	1184 "Big" is negligible part of the Certified community <1%
Assessment Scores	-Certified community is 88% wholesale -Wholesale scores are marginally lower than influencer scores -"Not reported" has the lowest scores across all points of distribution (besides MIN) -"Financial services" outperforms "business products & services" and "consumer products / services" in assessment score across the distribution
Revenue	-Most of the wealth is beyond the median -- clustered beyond 75th percentile -Influencer revenue considerably greater than wholesale revenue across distribution -Among the large geographies, Canada has the lowest revenues -Among the large geographies, Pacific has the highest revenues -Positive relationship between revenue and Org size -Among industries with >10% share, Business Products & Services has, by far, the lowest revenues above the 40th percentile (almost even at the 25th with Financial services) -LLCs are smaller by revenue than Benefit corporations or corporations
Geography	-Largest: Pacific (31%), Mid-Atlantic (16%), Canada (15%), Mountain (10%), South Atlantic (9%) -Smallest: East South Central (1%), Non-contiguous (1%)
Time in Pipeline	Median: 8; Mean: 12 -25% of companies certified in 3mo or less -75% of companies certified in 16mo or less -Low touch companies spend less time in the pipeline as compared to influencers / connected -No association between length of certification and industry -Probable positive correlation between revenue size and length of time in pipeline -2M-5M revenue range demonstrates likely slower conversion time (small sample), potentially due to the fact that this is a period of very high growth (transitioning from start-up to growth stage and/or making the decision to become a different type of company)
Org Size	-Larger companies seem to take longer to certify (but sample sizes are small for large companies, difficult to draw conclusions) -The smallest companies with no FTE certify the most quickly (14%) -- this is the same rate as the "not reported category" (could these be the same, is "0" an error?)
Industry	-Largest: Business products & services (36%), consumer products & services (28%), Financial Services (10%) -Smallest: Transport & Logistics (1%), Legal Services, Media, Restaurant/Hospitality, Retail, Ag (all 2%) -> 50% of East North Central Midwest certified B Corps are in Bus. Products and services -44% of Canadian B Corps are Bus. Products and Services -41% of South Atlantic are Bus. Products and Services -Consumer Products and Services is ~35% of Pacific -East North Central Consumer Products and Services is 15% vs. 25% for the overall community

Certified, Wholesale	
Community Size	1034
Assessment Scores	-Median 92, Mean 97 -0% score < 80 -66% scored 80-99 -37% scored 100+

Attrition, All (wholesale)

Community Size	
Assessment Scores	<ul style="list-style-type: none">-Median 89; Mean 92-12% scored <80-57% scored 80-99-31% scored 100+-If you remove scores < 80, score breakdown is nearly identical to CERT-WH (64% score 80-99, 36% score 100+)-12% of attrition community has scores <80. Could this be the reason for their attrition?-Influencer scores (only 6 companies) are higher than wholesale, particularly in top 50th percentile
Revenue	<ul style="list-style-type: none">-No attrition over \$75M revenue-Most attrition (78%) is of companies with revenues <2M
Geography	<ul style="list-style-type: none">-Fastest decertification times: New England (26 months median); Canada (30 months median); Mid-Atlantic (30 months median)-Slowest decertification times: South Atlantic (47 months median)
Time in Pipeline	<ul style="list-style-type: none">-Median months 1st login to certified = 4; Mean = 9-75% certified in 12 months or less-89% certified in 24 months or less-95% certified in 36 months or less
Org Size	<ul style="list-style-type: none">-92% of attrition is companies with 0-49 org size
Industry	
Prospect Classification	<ul style="list-style-type: none">-Nearly a [redacted] are wholesale
Women Owned	
Minority Owned	
Corporate Structure	<ul style="list-style-type: none">-68% of attrition from "corporation" or "limited liability company" companies-6% from benefit corps
Score breakdown	<ul style="list-style-type: none">-Average COM 24%; ENV 14%; CUST 9%; WOR 15%; GOV 13%-Influencer stronger than wholesale in ENV, WOR (small sample)-Wholesale stronger than influencer in COM, GOV (small sample)-Benefit corps score high on governance
Time Certified	<ul style="list-style-type: none">-Mean time certified is 3 years; is this minimum time you will be certified if you are certified 1x?-Smallest companies by revenue decertify more quickly than those with revenues >10M-Particularly fast decertification in 0-150K revenue category (82% decert in less than 4 years)

COMPARISONS	
All Assessments --> All Assessments, Past 6 Months	
Community Size	Past 6 months accounts for 18.8% of ALLASS [REDACTED]
Assessment Scores	<ul style="list-style-type: none"> -Scores lower for companies that entered pipeline in last 6 months (this is expected) -In both datasets, scores notably lower among companies that don't report revenue -Scores for companies reporting revenue are similar in both datasets (Median 23 for all, Median 19 for past 6 months) -Companies with org size 0-49 have higher score trends than those 50+
Revenue	<ul style="list-style-type: none"> -Majority of companies (70-80%) did not report revenue -Nearly all companies <\$50M -Stable 76-77% with revenues <\$1M
Geography	<ul style="list-style-type: none"> -Pacific dominates pipeline (22-25%) -Majority of pipeline (66-70%) dominated by Pacific, Canada, Mid-Atlantic, South Atlantic
Time in Pipeline	N/A
Org Size	-Nearly identical distribution, ~70% 0-9; ~89% <50
Industry	<ul style="list-style-type: none"> -Similar industry breakdowns in both pipelines -Largest industries are Retail; Professional & Technical Services; ICT; Manufactured Goods
Women Owned	-Notably lower % women-owned in last 6 months compared to full ALLASS pipeline
Minority Owned	-Notably lower % minority-owned in last 6 months compared to full ALLASS pipeline

COMPARISONS	
All Assessments --> Opportunities, Wholesale	
Community Size	Nearly 12x as many businesses in ALLASS compared to OPPS-WH
Assessment Scores	<ul style="list-style-type: none"> -Score breakdown is similar but trends slightly lower in OPPS-WH due to high # of "connected" companies with score 0 -No overlap between highest/lowest score geographic regions between ALLASS and OPPS-WH -In both datasets, companies w/ \$0-5M revenue had highest score trends -Score trends are highest for companies with org size <50 (0,1-9,10-49); exception - in OPPS-WH, companies with "org size" = 0 have notably lower score trends than all other categories
Revenue	<ul style="list-style-type: none"> -Nearly all companies <\$50M; -Difficult to assess ALLASS due to 69% nonreporting -Revenue notably lower for ALLASS (1.4M shifts from 80th percentile in ALLASS to 50th percentile in OPPS-WH; 95% below \$10M in ALLASS compared to 53% in OPPS-WH) -Revenue starts to break (somewhat) by geography in OPPS-WH
Geography	<ul style="list-style-type: none"> -Pacific, Mid-Atlantic, South Atlantic, Canada consistently largest regions -Mountain is large region (17%) in OPPS-WH, but not in ALLASS -Smallest regions remain constant
Org Size	-OPPS-WH companies trend slightly larger by org size than ALLASS
Industry	<ul style="list-style-type: none"> -97% reported in ALLASS, compared to only 77% in OPPS-WH -Largest in both datasets are Retail, P&TS, Manufactured Goods, Retail -ICT is large in ALLASS but not in OPPS-WH -"Finance & insurance" and "P&TS" begin to cluster in particular regions in OPPS-WH but are more broadly distributed in ALLASS -In OPPS-WH (but not ALLASS) Canada overindexes in manufactured goods
Prospect Classification	-Community transitions from nearly all low-touch in ALLASS to 53% low-touch in OPPS-WH; due to addition of connected businesses

Comparisons	
Opportunities, All except BIG --> Certified, All	
Community Size	1184 Certified (88% wholesale 12% influencer) vs 1184 Opps(-Big) (82% wholesale 18% influencer)
Assessment Scores	<ul style="list-style-type: none"> -The median Opps(-Big) score is 4.5, compared to 93 for Cert -Certified pop: Influencers (12%), Low-touch, (79%), Connected (9%) VS. -Opps(-Big) pop: Influencers (18%), low-touch (44%), connected (39%) -Opps(-Big) shows a potential negative relationship between org size and score, but this is not reflected in the Certified community
Revenue	<p>Biggest takeaway: the spread of the Opps(-Big) pipeline is larger than that of the Certified community (smaller low revenues and higher large revenues)</p> <ul style="list-style-type: none"> -25th percentile in Cert (\$306k) higher than in Opps(-Big) (\$220k) -Median in Cert (\$1.1M) lower than in Opps(-Big) (\$3.5M) -75th percentile in Cert (\$5.3M) lower than in Opps(-Big) (\$19M) -90th percentile follows same trend, with Opps(-Big) ~3x greater than Cert -The Certified and Opps(-BIG) Influencer communities are similar only at the median (Cert = \$32M, OPPS(-BIG) = \$39M) -The Certified influencer community is at \$15M at the 25th percentile whereas the OPPS(-BIG) influencer community is at \$2M at the 25th percentile (more smaller influencers by revenue in the OPPS(-BIG) pipeline than in the Certified community) -The Certified influencer community is at \$96M at the 75th percentile whereas the OPPS(-BIG) influencer community is at \$180M at the 75th percentile (more larger influencers by revenue in the OPPS(-BIG) pipeline than in the Certified community) -The OPPS(-BIG) has more smaller (\$) low-touch companies in the pipeline, with a 25th percentile of 0 and median revenue of \$97K, versus a Certified 25th percentile of \$224K and a median revenue of \$785K. However, the two low-touch communities look nearly identical at the 75th percentile (~\$2.5M), -The OPPS(-BIG) community takes the lead at the 90th percentile (\$12M) vs \$7M in Cert. This means that the larger Ops(-Big) low-touch companies are bigger, but that, overall, it has many more smaller low-touch companies than the Cert database - Below the 50th percentile, the Cert Connected community is larger than the OPPS(-BIG) Connected community. But beyond the 50th percentile, the OPPS(-BIG) community is larger by 33% at the 75th percentile and by 100% at the 90th
Geography	Pacific, Mountain, Mid-Atlantic comprise 57% of the Certified pop and 59% of the OPPS(-BIG) population
Time in Pipeline	<ul style="list-style-type: none"> -Mean, Median, 75th percentile for Opps were 2-3x as large as those for the Certified pop -Overall, it seems that in both populations low-touch companies are spending less time certifying / in the pipeline as compared to influencers and connected companies, which take similarly long -Sample sizes too small to make a claim but larger companies by revenue likely take longer to certify across both populations --Sample sizes too small to make a claim but larger companies by org size likely take longer to certify (although correlation is less clear here) across both populations -Neither population demonstrates a correlation between industry and time to conversion / in the pipeline
Org Size	I believe that "0 employees" for Opps(-Big) comprises both 0 and "not reported," which makes this tier unusable for comparisons
Prospect Classification	Influencers are 18% of Opportunity(-Big) pipeline and 12% of Certified pipeline

Comparisons	
Opportunities, All --> Certified, All	
Community Size	1184 Certified (88% wholesale 12% influencer 0% Big) t [REDACTED] All Opps (72% wholesale 15% influencer, 13% Big)
Assessment Scores	-Median All Opps Score is 1 vs. Cert median of 93 -- Generally, comparing these two databases on scores is not very useful
Revenue	-80% of the Opportunities reported revenue -Median revenue was 83% higher in All Opportunities than in Certified -Influencers represent 27% of all revenue in opportunity pipeline, 50% in certified community -Wholesale represents 1% of all revenue in opportunities, 0.2% revenue in certified community -East North Central Midwest has highest median revenue (\$26M) and represents 6% of opportunity business population, compared to median revenue of \$750K, 5% of pop for Certified community [REDACTED] -Median Mid-Atlantic revenue in Opps quadrupled compared to Certified (up to \$4.7M) -East North Central Midwest has highest median revenue (\$26M) in Opportunity pipeline compared to median revenue of \$750K for the Certified community -"Finance" industry median revenue increases from \$1.6M (Certified) to \$9M (All Opps) and 75th percentile increased from \$6.8M to \$55M -Manufactured goods median revenue increases from \$4M (Cert) to \$8M (All Opps) and 75th percentile increased from \$27M to \$50M -Direct, positive relationship between revenue and org size in both populations (more so for Opportunities)
Geography	-Pacific, Mountain, Mid-Atlantic comprise 57% of the population (by count) in both the certified and All Opportunity pipelines -East North Central Midwest represents 6% of overall Opportunity pipeline, and 5% of pop in Certified community -Canadian population dropped from 15% (count, Certified) to 9% (count, All Opps) -Mountain jumped from 10% (count, Certified) to 15% (count, All Opps)
Time in Pipeline	-Mean, Median, 75th percentile of Opportunities are 2-3x greater than those for Certified pop -Overall insight is that many of the companies that are currently in the All Opportunities pipeline have been there for a while; much of the existing Certified population certified while many of the companies that are still in this pipeline were in it
Org Size	-There is a loose association between org size and time to certification among certified companies, and this is similarly observed in the Opportunities pipeline (the larger companies take longer to certify, but nominally so -- 9 months is the biggest difference for 75% of the population) -Likely that some of the "0" employees are non-reported (15% of the Certified pop by count) -Companies with "0" employees increased from 14% (count, Certified) to 29% (count, All Opps) -Companies with 1-9 employees decreased from 34% (count, Certified) to 20% (count, All Opps) -Companies with 10-49 employees decreased from 24% (count, Certified) to 19% (count, All Opps) -Companies with 50-249 employees increased from 10% (count, Certified) to 18% (count, All Opps) -50-99 increased from 10% (count, Certified) to 18% (count, All opps) -250-999 increased from 2% (count, Certified) to 8% (count, All opps) -1000+ increased from 1% (count, Certified) to 7% (count, All opps)
Industry	-Professional and technical services decreased from 25% (count, Certified) to 15% (count, All Opps) -Wholesale decreased from 11% (count, Certified) to 6% (count, All Opps)
Prospect Classification	-1184 Certified (88% wholesale 12% influencer 0% Big) t [REDACTED] All Opps (72% wholesale 15% influencer, 13% Big) -Overall, it seems that influencers and connectors take longer to certify than low-touch accounts;

this is true in the Certified community and also the trend in Opportunities
 -In both populations, Connected and Influencers have similar profiles

Comparisons	
Certified, All --> Attrition, All	
Community Size	1184 Certified (88% wholesale, 12% influencer) to [REDACTED] (98% wholesale, 2% influencer)
Assessment Scores	<ul style="list-style-type: none"> -Score breakdown nearly identical between CERT-WH and ATT, especially if you remove the ATT scores <80 -Certified distribution largely mirrors attribution distribution w/exception of bottom 11% (scores <80) -Overall, the strength of an industry's score has no relationship to attrition -Overall, scores are higher post-\$10M in revenue -Financial services, a large sample, indexes high relative to the certified population, across the entire distribution -Benefit Corporations tend to be higher scoring, especially above the 50th percentile
Revenue	<ul style="list-style-type: none"> -60% of Certified population is <\$2M in revenue but 80% of attrition is from this bracket -17% of the Certified population is under \$150k in revenue and 40% of attrition is under \$150k in revenue, AND those companies have assessment scores on par or higher with the certified population
Geography	<ul style="list-style-type: none"> -West South Central is 2% of certified pop but accounted for 4% of attrition -South Atlantic is 9% of certified population but accounted for 15% of attrition -Mountain is 10% of cert pop but accounted for 6% of attrition) -New England is 8% of cert pop but accounted for 5% of attrition
Time in Pipeline	
Org Size	0-49 employees comprise 72% of certified population and 92% of attrition population

Section IV: Pipeline Analysis & Recommendations

Analysis of the B Corporation Small and Medium-Sized Enterprise (SME) Pipeline

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I. UMich-B Lab Partnership, Phase II Objective

Ongoing conversations with B Lab indicated a need to test the following hypotheses, which the organization developed to explain observed unfavorable trends in the small and medium-sized enterprise (SME) certification process:

<u>Observations</u>	<u>Hypotheses</u>
1. Excessive average time to complete Assessment	1A. B Assessment is too detailed / lengthy for SMEs 1B. SMEs use B Assessment differently than do larger companies
2. High attrition among SMEs during certification	2A. SMEs do not derive value from certification process 2B. SMEs are not convinced of the value of B Corp certification

These hypotheses are additionally supported by the data analysis conducted in Phase I of the B Lab-UM project. The data indicated that smaller companies both take longer to certify and drop out of the certification process at a higher rate than do their larger counterparts (Insight 4), which led both B Lab and the UM team to question the root causes of these phenomena.

To gain more detailed insights into SMEs' experience with the B Impact Assessment and general certification process, the UM team conducted a series of qualitative interviews with SMEs in the process of certifying. The interviews were designed to yield insights that would either support or not support the hypotheses listed above, and to indicate areas for further internal discussion, strategy development, and to which specific tactical resources can be deployed.

The following sections comprise the Phase II methodology, aggregated insights from the interviews, and recommendations for strategic and tactical next steps.

II. Data Collection Methodology

A random sample of 121 companies was chosen from among the SMEs registered for the B Impact Assessment but not yet certified. From this initial outreach, a total of 12 companies were interviewed between November 7 and December 1, 2017 (conversion = 10%). Interviews were semi-structured, using the interview guide in **Exhibit 1**, and typically took 20-30 minutes to complete.

The sample of companies interviewed over-represented women-owned companies and trended small, with several sole proprietors and pre-revenue companies interviewed.

III. Demonstrated Customer Needs

Three key learning emerged from the 12 qualitative interviews conducted.

Learning 1: Assessment as a Roadmap

The majority of companies interviewed are using the B Impact Assessment as a “roadmap” to plan (or change) their business structures and operations. This is different from the baseline assumption that most businesses use the Assessment as a “yardstick” to measure their existing social and environmental impact. Given this, it is possible that during the certification stage, SMEs derive more value from the assessment process itself, compared to the the brand and marketing opportunities the B Corp certification will later create.

To support this alternate approach to the Assessment, customers specifically requested the following 2 resources:

- *Guide/roadmap to SME business sustainability practices*: many businesses interviewed referenced the difficulty in translating Assessment questions into opportunities for impact in their own business. They requested an (industry-specific) guide or roadmap to help reveal potential opportunities for impact generation within each section of the assessment.
- *Rubric of Assessment points distribution*: several businesses requested greater transparency in the Assessment points allocation process. Small businesses with limited resources to devote to certification want a rubric to help inform potentially high-impact business decisions regarding changes to their existing operations (i.e., could they become certified by making one large change vs many small changes).

Learning 2: Need for Resource Support

Many SMEs lack the internal resources to complete the assessment independently. This was typically not seen as an function of lack of time time; most businesses actually appreciated the depth and difficulty of the standards for certification. Rather, it was a difficulty in one of three identified areas:

- *Assessment interpretation*: how do Assessment questions map into existing operations?
- *Business acumen*: can the business identify opportunities to shift existing processes?
- *Prioritization*: is the business able to prioritize the Assessment over competing day-to-day operational needs?

In response to this challenge, businesses requested the following resources and/or identified these existing resources as useful in the process:

- *In-person support*: several companies specifically highlighted student groups, with a focus on business students, as instrumental to Assessment completion. B Lab envoys and industry champions, particularly in niche industries, were also highlighted.
- *Clearer answers & direction from B Lab*: several companies surveyed requested clearer direction from B Lab, particularly on areas of the assessment that are more ambiguous to allow for differentiated strategies. This highlights a challenge of business acumen for new and small businesses; in the words of one business interviewed: “*We didn’t feel like the questionnaire was setup to handle businesses like ours.*”

Learning 3: Strong Internal Values Alignment

Overwhelmingly, among the businesses interviewed, the primary interest in B Corp certification is a validation of values these businesses and individuals already hold (internal validation) rather than an interest in certification as a marketing tool or other external validator. Two key quotes stand out:

“We’ve already been a B Corp in our hearts for a long time”

“It has been part of the vision from the start”

IV. Strategic Insights

The key learnings, combined with quantitative data analysis from Phase I, lead to 3 strategic insights regarding the B Corps SME pipeline.

Insight 1: Targeted support, not time, is critical for SME success

Previous internal survey data indicated that “time” was a major challenge to SME certification. However, qualitative analysis highlighted time as an issue for SMEs because they tend to get stuck without resources (assessment & business acumen, ability to prioritize), not because the Assessment is inherently too long or in-depth.

Insight 2. Marketing must build awareness and refine value proposition to fit SME needs

Certifying SMEs generally do not need to be convinced of the value of business as a force for good or of the B Corp certification in general. Rather, they need to know the certification exists, what it actually measures, and how they can pursue certification. Play into this in marketing.

Insight 3. Consider if certification makes sense for the smallest companies

There is a large segment of companies in the assessment pipeline with >5 employees; for these companies, the Assessment often asks for policies and procedures that do not exist rather than policies/procedures that may need to be changed, as is the case for larger companies. For these businesses, the value of the Assessment is likely to be in the “roadmap” to impact-focused practices. Encouraging these companies to certify before they are ready may increase frustration with the process.

In addition to these insights, this research raised several topics of conversation about the B Corps certification process and pipeline. [REDACTED]

[REDACTED] the research team encourages B Lab leaders to continue to consider the following open questions:

- Should these companies become certified B Corps? Are there other, more effective ways to engage this community in the movement if certification does not make sense?
- What is the cost of attrition for the smallest companies?
- How might B Lab be higher touch with this population without significant additional resource investment?
- Might there be other paths to certification beyond the B Corps Assessment? For example, if a company completes a 2-year BALLE fellowship and shows significant, wide-ranging commitment to the B Lab principles, could they certify in a different way?

V. Tactical Recommendations

In addition to the higher level insights and open questions above, the UM team recommends B Lab take the following concrete actions to leverage the information gleaned from the Phase II qualitative analysis of the SME population:

Survey

Use the qualitative insights described in the previous section to design and deploy a detailed survey to all SMEs (<=20 employees) in the “All Assessments” pipeline. The goal of this survey is to help B Lab understand which of the qualitative insights observed in the survey sample are significantly represented throughout the broader SME community. Please see the draft of recommended survey questions in **Exhibit 2**.

Welcome Packet

To help SMEs more explicitly identify all of the resources available to them during the certification process, the UM team recommends augmenting the email currently sent to all businesses after they initiate the assessment. Based on the largest and most common needs identified by SMEs, the following resources should be aggregated (many of which already exist):

- **Link to B Assessment** website with clear identification of new beta features
- **Guide to B Corp certification** (to be created); a brief handbook with industry-specific criteria, tips, and timelines
- **Geo-locator** for the SME to find related B Corps in their geographic region
- **Volunteer resources** for B Corp certification
- **Invitation to consult** with B Lab staff on any major challenges

Please see a mockup of this comprehensive Welcome Email in **Exhibit 3**.

Continue Community Participation

There are many resources that B Lab already provides for which the SMEs expressed direct appreciation. These include:

- **B Corporation Clinics** run by students at organizations like NC State
- **Regional presence** in whatever form this can take (a formal B Lab hub, an annual envoy or workshop, or nonprofit partners trained to help entrepreneurs with certification)
- **Facilitate access to social capital** within B Corp community. Many SMEs expressed how helpful it is to be connected with B Corps who have already certified in their industry/sector

APPENDIX

Exhibit 1: Interview Guide

- Thank you for taking the time to chat with us today.
 - Project overview
 - UMich sustainable business students working with B Lab to improve certification process & remove barriers for SMEs
 - Purpose of today
 - Talking to you because you filled out the B Lab survey about application process
 - Interested to understand how this process feels and works from your perspective
 - No right or wrong answers
 - Help us build the best possible process for you & future businesses
1. Tell me about your business
 - a. What are the core values for your business
 - b. What does success look like to you?
 2. How will B Corps certification bring value to your business?
 - a. What drove you to pursue certification?
 3. Now that we understand more about your business, we want to understand your B Corps application process & experience (**~30 min; interviewer takes lead from interviewee**)
 - a. Talk me through the process, from your perspective, thus far
 - i. Walk me through the process you've experienced so far, from considering B Corps certification to today
 - ii. Discuss all points of contact with B Lab
 1. What did interaction feel like to you?
 2. What action did this lead to, on the business side?
 3. What felt good about this interaction?
 4. What was missing from the interaction
 - b. How is the process going for you internally?
 - i. What is working well / moving forward smoothly?
 - ii. What challenges are you experiencing?
 - iii. How could the B Corps team help you overcome these challenges?
 - c. What areas of the B Corps assessment have been difficult for your company?
 - i. What makes them difficult?
 - ii. How might we overcome these challenges?
 - d. A common piece of feedback we've received is that time is a critical challenge for many companies.
 - i. Does this resonate with you?
 - ii. If so, can you explain what this means to you?
 - e. What are the top 1-2 things slowing you down?

- i. What makes these more challenging/sticky than others?
- f. Ensure the discussion has addressed the following:
 - i. External challenges - with B Corps assessment - specific challenge areas
 - ii. External challenges - experience with B Corps staff & services
 - iii. Internal challenges - people
 - iv. Internal challenges - changes to existing infrastructure, paperwork

Exhibit 2: Draft SME survey

Population: All assessment starters, pre-certification (≥ 20 employees)

I. Demographics

A. What is the size of your business?

1. Sole proprietor (0 employees)
2. 1-5 employees
3. 6-10 employees
4. 11-20 employees
5. Other

B. Do you have a relationship with a Certified B Corp in your industry/sector?

1. Yes
2. No
3. I have spoken with a B Corp in my industry/sector, but have no ongoing relationship

C. Do you have a relationship with a Certified B Corp in your geographic region?

1. Yes
2. No
3. I have spoken with a B Corp in my geographic region but have no ongoing relationship

D. If you answered “2” or “3” to questions B and C, would you like to have a closer relationship with a nearby or industry-related B Corp?

1. Yes
2. No
3. Indifferent

E. If you answered “Yes” to question D, what would you hope to get out of that relationship?

1. _____

II. B Assessment

A. How long have you been in the certification process?

1. 0-6 months
2. 6 months-1year
3. 1 year-18 months
4. 18+ months

B. How long did you expect the B Corp certification to take?

1. 0-6 months
2. 6 months-1year
3. 1 year-18 months
4. 18+ months

C. What is the most time-consuming aspect of the B Assessment?

1. Level of detail of the questions (reporting)
2. Identifying changes to business operations to improve score
3. Implementing changes to business operations to improve score
4. Other _____

D. If you answered “2” or “3” to question C, please list the changes you plan to make or have made to your business:

1. _____

E. If you answered “Other” to question C, please list the most time-consuming aspect of the certification process

1. _____

F. Which best describes the value of the B Assessment:

1. A means for quantifying my business’ social/environmental impact necessary to achieve B Corp certification
2. A roadmap for identifying and implementing changes to my business necessary to achieve B Corp certification
3. Other

G. If you answered “Other,” to question F, please explain:

1. _____

H. What has been the most significant barrier to you completing the B Assessment thus far?

1. Prioritizing B Assessment reporting (time to input information)
2. Difficulty identifying changes to make to my business to increase my score
3. The resources (time, money) it takes to implement changes to my business to increase my score
4. Difficulty understanding what the B Assessment is asking for
5. Lack of external resources to help me complete the B Assessment

I. If you answered “5” to question G, what additional resources would be helpful to you?

1. _____

J. Which of the following resources have you used?

1. B Assessment question explanations (in Assessment)
2. B Assessment examples of companies' responses to questions (in Assessment)
3. Local community workshops for B Corp certification
4. Volunteer labor (students, non-profit) to help with certification

K. What missing resources do you wish you had access to?

1. _____

III. B Corp Certification -- this section might be out of scope / we recommend using existing B Lab language around addressing purpose

A. What do you see to be the primary value of B Corp certification?

1. Brand enhancement (creates greater appeal for my target customers)
2. Values alignment (allows me to live my values through my work)
3. Community-building (helps me more intentionally serve my community)
4. Other

B. If you answered "4" to question A, please explain:

1. _____

Exhibit 3: SME Welcome Email Mock-Up

Welcome to the B Corp Assessment!



Elana Fox <elanafox@umich.edu>
to me

10:50 AM (1 minute ago)



Congratulations on taking the first step toward B Corp certification!

As a small business, we know B Corps certification is a big step. A company in your area with similar size and industry typically takes **16-20 months** to successfully complete the Assessment and certify as a B Corp. **Why?** The Assessment asks in-depth questions about impact and operations and, for a company like yours, it can take time to build new or shift your existing practices.

To support your progress, we've built several important resources just for you. Please bookmark this email so you can return to this list if you get stuck or need extra support.

Here's what's available:

- [B Impact Assessment website](#) - our new Assessment website will guide you through the Assessment and offer explanations of each question, examples of other company's work in this area, and direction on how to generate impact in every area of your business. The Assessment begins with a simple survey, moves into a more detailed questionnaire, and then provides guidance on how to improve your score.
- [Guide to B Corps certification](#) - many of you are using the B Assessment as a guide to creating an impact-focused business. This handbook will help you understand the key areas of the Assessment and help you think through opportunities that make sense for your specific business.
- [Connect with a certified B Corp in your industry or area](#) - the B Corp community is awesome and loves to help! These businesses have offered to help new companies in their geographic area and/or industry through the certification process. You can also sign up for a buddy if you want to build a longer-term relationship with a B Corp in your area.
- [Student/volunteer support](#) - we know the Assessment can be daunting, especially for a small business focused on day-to-day operations. Take advantage of students and volunteers who have been trained to help companies through the Assessment process!
- [Consultation with B Corp staff](#) - if you have specific questions and can't find answers using the resources above, you can reach out to a B Corp staff member for direct support

We're excited to have you as a part of the B Corps community! Thank you for taking the first step to join the movement to use business as a force for good.

With gratitude,

The B Corp Team