

Developing and Implementing an Impact Measurement Curriculum for Small and Growing Businesses (SGBs)

Project Findings and Recommendations

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Executive Summary

This report outlines a B Lab initiative funded by the Aspen Network of Development Entrepreneurs (ANDE) Capacity Development Fund in 2012 to develop and implement an Impact Measurement Curriculum for Small and Growing Businesses (SGBs) in emerging markets.

Goals and Objectives of the Impact Measurement Curriculum

The overarching goal of the initiative is to help alleviate human-capital, resource, and knowledge-related SGB challenges and enhance their social and environmental impact. B Lab seeks to do this through the creation of an innovative, easy-to-use Impact Measurement Curriculum that:

- Benefits SGBs by alleviating challenges faced while getting to scale, reducing operational risk, and building strong businesses. Increasing access to knowledge about best practices and providing examples of companies in the field applying these best practices will allow companies to address their challenges and utilize their current resources in a manner conducive to attaining maximum impact and reducing operational risk with the ultimate goal of building a stronger business that can better meet the needs of stakeholders and access investor capital. These tools are particularly important for companies that are growth stage or ready to scale to ensure that they have policies and practices in place that will help to facilitate rapid growth.
- Provides companies with guidelines and resources to help their management and staff better understand best social and environmental standards in their industry.
- Increases the productivity and effectiveness of ANDE members. ANDE member funds and capacity development providers (including accelerators and incubators), can maximize their impact in the sector by providing a Curriculum and evaluation tool to help the companies they support and invest in better understand and improve their social impact. In addition, as a result of utilizing the Curriculum, companies are benefitting themselves by implementing ‘do-it-yourself’ consulting. This can position them to be able to better leverage the deeper business model and impact expertise that ANDE members provide.
- Creates a tool that can help the SGB sector as a whole. The Curriculum is intended as a public good for SGBs to facilitate knowledge gathering and sharing, and provide a means for capacity building in the sector.

Process Overview and Key Findings

B Lab developed a Curriculum of guides and tools based on sector research of social and environmental best practices and analysis of data from the B Impact Assessment. The Curriculum was built into the existing online company portal alongside a customized ‘improvement report’, accessible to all companies that complete the free online assessment. B Lab engaged five companies from ANDE member organizations to implement the Curriculum over a nine month period. The companies then provided feedback on its usefulness. Our key findings from this process are:

- Companies can measure and manage what matters most by utilizing the B Impact Assessment and the Curriculum as a learning and internal strategy tool

- Companies can benefit from a ‘do-it-yourself’ consulting approach of having access to resources and then making decisions about key priorities and implementing them internally
- The Curriculum is most useful in helping companies strengthen their operational and/or ESG (Environmental, Social, and Governance) practices

Part I: Creating the Impact Measurement Curriculum

The Curriculum provides resources, tools and templates that a company can implement to strengthen its operational policies, practices and core business model to magnify its impact. The Curriculum is based on the B Impact Assessment, a set of performance standards created by B Lab to assess a company’s overall social and environmental impact. It does so by measuring the overall impact of a business on all stakeholders – workers, suppliers, customers, community, and environment – through an online, easy to use platform. The B Impact Assessment is a free, confidential tool and, as of May 2013, there are 8,000+ businesses who have used it. Feedback from these users confirms that the B Impact Assessment provides value as a benchmark setting tool and a roadmap for impact performance, and that businesses want more resources to improve impact performance over time.

Given this feedback and with support from ANDE, B Lab developed the Curriculum as a set of 29 best practice guides that cover over 90% of the topics covered in the B Impact Assessment. All of these guides are available through the GIIRS company assessment portal (see [Part V: How to Access](#) the Curriculum for details on how you can access these free resources).

To create the Curriculum, B Lab conducted a question-level analysis of the ~150 questions in the B Impact Assessment, some sub-set of which appear in a company’s assessment based on their sector, size and geography. Based on this analysis, B Lab created a list of best practice topics (Table 1). A second step involved analyzing current assessment data to understand trends in company performance – where companies perform well and areas for improvement – and to classify each practice as easy, medium or difficult to implement.

A team of four staff members and consultants spent six months doing research on prevailing best practices and leveraged existing standards from international and local resources to write the guides. Each guide includes a section explaining why the practice is important, key components of the practice, the process of implementation, and then additional resources for implementation.

Table 1: List of Topics per Impact Area

Impact Area	The 29 guides cover the following topic areas:
Governance	<ul style="list-style-type: none"> • Governance structure • Transparency
Workers	<ul style="list-style-type: none"> • Employee compensation • Job creation • Ownership & work environment • Training & education • Worker benefits
Community	<ul style="list-style-type: none"> • Evaluating suppliers’ social and environment practices • Local involvement • Community service • Innovative business models intent on serving the underserved
Environment	<ul style="list-style-type: none"> • Environmental audits • Implementing an environmental management system • Monitoring & recording a company’s energy use • Monitoring & recording a company’s water use • Monitoring & recording hazardous & non-hazardous waste use & disposal • Tracking GHG emissions • Product design and footprint management

Part II: Piloting the Curriculum with ANDE Member Companies

Three ANDE members – Endeavor, Dasra and New Ventures – asked five companies operating in four different countries and across multiple industries to complete the B Impact Assessment.

The companies vary significantly in size – both by number of employees and by annual revenue. Of the pilot companies, the smallest has 4 employees and the largest has 177, with the average across the five companies at 56 employees. In terms of revenues, three companies range between \$0-2 million and 2 are above \$5 million. After engaging with the companies, B Lab noticed that by chance most of the companies had an environmental focus – whether it was through consulting, manufacturing or retail. In terms of performance, after completing the baseline assessment, 2 companies were 3-star rated (scoring between 80-99 points) and 3 were 4-star rated (scoring between 100-124 points). After implementing the Curriculum and re-taking the assessment, all companies reported a positive score improvement with an average increase of 8%. As a result, 4 companies achieved a 4-star rating and 1 company achieved 5-stars (above 125 points and the highest possible star rating).

Upon completion of the assessment, the companies reviewed their scores and a customized ‘improvement report’ available to all assessment takers in the GIIRS company portal. This improvement report allowed them to analyze their answers per question and identify where they currently perform well and target areas for improvement by viewing points earned, points that could have been earned, and the degree of difficulty in earning specific points.

B Lab categorized each topic area and corresponding questions in the assessment as easy/medium/hard

to implement based on the time required for implementation and how common the practice is. The companies utilized this classification during their analysis but ultimately chose the guides they wanted to implement based on their business model and strategic priorities. The pilot companies were willing to spend time and resources on best practices and policies that were classified as medium/long-term often over those classified as easy if those practices were better aligned with the goal of growing a better business.

Each company identified 3-5 practices to focus on, received their Curriculum of guides, spent 6-10 months implementing the Curriculum, and undertook the B Impact Assessment again to measure improvement. This process allowed B Lab to gather feedback from the companies on the Curriculum, their experience utilizing the guides, and to measure their success in implementation.

Figure 1: Snapshot of the GIIRS company portal where the guides are accessible and can be downloaded

The screenshot displays the 'GIIRS Company Assessment' portal. At the top, it features the GIIRS logo and navigation links for 'Change Language', 'Change Password', and 'Logout'. A 'Select Language' dropdown is also present. Below the header is a 'PROGRESS BAR' section with the heading 'Improve Your Score'. A list of seven assessment steps is shown on the left, with completion percentages: 1. Assess Your Impact (54% COMPLETE), 2. Review & Compare Your Impact Report (128.0 PTS / 200), 3. Improve Your Score, 4. Upload Documents (0% COMPLETE), 5. Complete Your Profile (33% COMPLETE), 6. Review Data Sharing, and 7. Management Letter. A 'TOOL KIT' section at the bottom left includes a 'Review Quick Tips' link. The main content area is titled 'General Tips for Improvement' and lists various downloadable guides under four categories: Governance, Workers, Environment, and Community. A text box on the right explains that the 'Improvement Report' is based on company responses and provides details on points earned per question and question difficulty. Another text box at the bottom states that 'Best Practice Guides are available for companies to download and share with their management team and employees'.

After implementing the selected components, all the companies reported positive improvements – mostly driven by implementation of written policies. These were primarily focused on employee benefits and engagement programs, supply chain management, and managing the environmental footprint (energy, waste, water) of their business operations. Two companies – Bioconstruccion, a Mexico-based green building consulting firm, and TotalPET Corp, a Costa Rica-based manufacturer of plastic containers – also reported utilizing the guides to implement policies that ensured their compliance with local third-party green building certification standards.

Case Studies

Lindes (previously Vidrios Marte), the biggest insulated glass promoter and fabricator in Mexico, focused on transparent reporting standards and engaging with various stakeholders – their employees, suppliers and local communities. Some examples are shared below.

“We struggled on how to prove our passion for having good social and environmental impact. Completing the assessment and using the guides has helped us include new practices and a better way to communicate to all our stakeholders.” – Hugo Hernandez, CEO

- In addition to providing technical and language training to their employees, the company started providing tuition reimbursement to employees for professional development opportunities.ⁱ
- Lindes sent a questionnaire to their significant suppliers (suppliers that contribute greater than 80% of value of purchases) and requested reporting on their social and environmental practices and relevant certifications.ⁱⁱ
- The company conducted a survey to get feedback on the company’s social and environmental practices and ask the local community their needs and how the company could serve them. As a result, the company trained employees to be respectful to neighbors when conducting operations and donated lighting to a nearby school to improve the safety of the area at night.ⁱⁱⁱ
- The company started using International Financial Reporting Standards for financial reporting.^{iv}

Acción Verde, which strives to generate ecological restoration in strategic places in Colombia, focused on incorporating written policies in order to strengthen their workplace and supplier engagement structures. Some examples are shared below.

“Acción Verde is grateful, proud and happy to have received from B Lab the assessment and necessary support with the best practices guides, so we could include in our written policies these legal elements to strengthen our workplace and supplier engagement structures to further our commitments as an enterprise with strong social and environmental impacts. We hope more companies follow our path.” – Juan Manuel Soto, Manager

- The company implemented a formal policy regarding non-discrimination and good practices in the workplace.^v
- They also implemented a formal policy to screen their suppliers for beneficial practices and negative practices.^{vi}
- Acción Verde identified key performance indicators (KPIs) to track in order to measure their performance and achievement of their environmental objectives.^{vii}

Part III: Key Learnings from the ANDE Member Companies

A critical component of the Initiative was observing the ANDE member companies implement the Curriculum and to elicit their feedback. B Lab interviewed each company after they had completed an update to their B Impact Assessment, gathering feedback on how useful the Curriculum was, any implementation challenges the companies faced and how they resolved them and how the tools could be improved for future use. Based on this, our key learnings from the companies are outlined below:

Companies measure and manage what matters most.

A key finding and learning was that companies were able to utilize both the B Impact Assessment and the guides as a learning tool for themselves and employees and also as an internal strategy tool for management.

From a learning perspective, completing the assessment provided information on what the company already does well and built awareness – a roadmap -- of the areas they could improve while growing as a business. The guides provided information on best practice policies and suggestions for executing and implementing new policies such as writing an employee handbook or implementing an office-wide waste reduction program. B Lab recognized that while these practices might not yet be relevant for an early-stage businesses, they become important for companies that are scaling rapidly. Company feedback confirmed that the tools were helpful for growth planning.

From a strategy perspective, the assessment provided a reporting and engagement tool for investors to demonstrate the company's commitment to measuring their impact. The most useful component of the assessment guides, the companies noted, was the examples of best practices that other businesses had incorporated into their business model and practices and that their management could learn from.

A key characteristic of the companies that found the Curriculum useful was their business readiness to invest in implementing best practices and policies. These companies are at the stage in their business development cycle where they are focused on creating value for their business and recognize the importance of engaging key stakeholders – their workers, suppliers and community. Provided with some resources, they are willing to educate and raise their awareness regarding social and environmental best practices and standards in order to maximize impact across their business structure.

Figure 2 below shows an example of how the best guides are also embedded in the B Impact Assessment and appear next to the relevant question(s). Companies have noted that this provides educational benefits as they are completing the assessment.

Figure 2: Governance section of the B Impact Assessment with best guides appearing next to relevant question

Governance

GV3.1 Which of the following governance structures does your company have? (Select one) [Equally Weighted] [Answer Details>](#)
[Leave Feedback>](#)
[IRIS Definition>](#)

Revisit This

IRIS definition: Board of Directors is a group of people legally responsible to [more...]

Owner/Manager governed
 Governing Body/Advisory Body
 Board of Directors

GV3.2 Which of the following characteristics does your board or governing body have (check all that apply)? If no board or governing body, select None. [Equally Weighted] [Answer Details>](#)
[Leave Feedback>](#)
[IRIS Definition>](#)

Revisit This

Best Practices Independent board members are defined as non-management investors or owners who hold [more...]

None
 Has at least one independent member
 At least 50% independent members
 Meets at least twice annually (2x per year)
 Our company is a cooperative and elects its board from membership

GV3.3 Does your Board of Directors or governing/advisory body have written responsibility for the following issues? (Check all that apply) Select None if you do not have a Board of Directors or governing/advisory body. [Less Weighted] [Answer Details>](#)
[Leave Feedback>](#)

Revisit This

Best Practices

None
 Guiding corporate strategy, setting strategic goals and major plans of action
 Approving annual budgets, overseeing major capital expenditures and general risk management
 Overseeing executive compensation
 Overseeing the company's social and environmental mission, with specific goals and targets (if no mission statement, do not select this option)
 Other

Other:

Companies, investors and capacity providers can benefit from the ‘do-it-yourself’ consulting approach.

The Curriculum provided resources that the companies utilized based on measuring their impact and engaging various stakeholders. Many noted that this provided a ‘do-it-yourself’ approach whereby they prioritized the Curriculum resources based on their needs and requirements. The resources in the guides are intended to provide the tools – but not an off-the-shelf solution – for the businesses and are therefore especially useful for a ‘do-it-yourself’ model businesses can implement to build in best practices as they grow and mature.

While this provides great value for companies that complete the B Impact Assessment directly, it also provides opportunity for capacity builders, investors, and other technical assistance providers to leverage the Curriculum in the work they do with SGBs. By utilizing the B Impact Assessment to do a baseline measurement of a company, the Curriculum can then be used to standardize or streamline the capacity development services provided to SGBs. By encouraging SGBs to utilize the Curriculum, intermediaries can focus their resources on other aspects of improving a business’ impact performance, such as doing a deep dive on particularly complex aspects of social and environmental performance, or focusing on larger strategic issues.

The Curriculum is most useful in helping companies strengthen their operational/ESG practices.

When the Curriculum was first developed, the best practice guides focused on providing information and helping companies understand how to write formal policies; and has therefore, been most useful in helping companies strengthen their operational/ ESG (Environmental, Social and Governance) practices. In writing formal policies, companies also engaged various stakeholders. Some companies involved their employees in the decision-making process of which policies and best practices to focus on in the short-term and to build consensus around longer term goals. Others involved their suppliers – both through focusing on how to further align social and environmental goals with their suppliers and by formalizing their supplier code of ethics and business engagement.

Part IV: Key Challenges and Opportunities for Future Research

The Impact Measurement Curriculum is intended for use by small & growing businesses (SGBs) in emerging markets and to provide resources for companies that are often resource and human capital constrained. However, there is limited documentation regarding policies and practices in emerging markets that companies have adopted as Best Practices. Standards that have been developed with large corporations in mind often do not apply and/or are difficult to implement for SGBs. We faced this challenge especially with regards to researching tools and templates for environmental practices and policies. We pursued two solutions to this challenge:

Provide real world examples from companies that have implemented best practices.

The universe of companies that have taken the B Impact Assessment provide tangible examples of enterprises that have already implemented best practices within the small business and local market environment context. To that end, B Lab has integrated user cases in some guides to provide examples of how peer businesses have met these standards, thereby demonstrating to companies that other similar size and stage businesses are implementing best practices as they scale. These user cases include lessons learned and tips to move beyond policies and towards implementation and practice. The feedback from the five companies highlighted the need to incorporate more use cases. For example, one company, SMV Wheels – which provides financing, equipment, and training to rickshaw pullers in India to improve the livelihood of this marginalized community – shared that they found the use cases the most helpful aspect of the Curriculum and asked for introductions to companies that had earned credit for the topics they were focused on implementing. Given this feedback, B Lab will continue to integrate more real world examples collected from the GIIRS rated and certified B Corporation community into the best practice guides.

Provide more targeted information for early-stage companies.

Many of the best practice guides include a call-out for small and early-stage businesses, highlighting the basic steps they should take to implement the standard. The intent is that early-stage companies will find some helpful short- and medium-term ideas for implementation and be able to utilize the other learnings from the assessment and the guides as a roadmap for improvement, business development, and company growth.

Future Opportunities

Through the ANDE pilot program, B Lab has found that there is market demand to use a common performance standard like the B Impact Assessment to understand a company's current impact performance. Greater value of the Impact Assessment is added through a Curriculum of best practice guides and improvement tools. The ANDE grant helped establish a strong framework of best practice guides, confirmed by our key learnings. B Lab will continue to improve these guides over time to ensure they are a valuable tool for SGBs.

The Curriculum is accessible to all companies who register for the free B Impact Assessment. We have already seen evidence of SGBs using the curriculum and tools while utilizing the assessment. Some of the fund managers we engage with, including Agri-Vie, Jacana Partners, and Vital Capital, are utilizing the *customized improvement report* and the Curriculum to engage with and encourage their portfolio companies to manage their impact and build their capacity in the areas of governance, workers, community engagement, and environment.

Recently, companies have also reported utilizing the Curriculum to improve their performance in order to achieve the minimum standards for B Corp certification. One company – Lumni Chile – created a written Code of Ethics and Worker Health and Safety guides, which helped further engage their employees while enabling them to meet the minimum bar to certify as a B Corporation. Lumni Chile is a subsidiary; these policies were implemented at the parent company which operates in different geographies and allowed the company to create a better governing structure for itself and its employees. Says General Manager Matias Valdiveso, “Lumni Chile identified through the assessment some key areas to improve, especially around employee policies and some community inclusion strategies. Lumni Chile is committed to this path and to becoming a better B Corp day by day.”

Part V: How to Access the Curriculum

The guides are available through the GIIRS company portal. To access the portal, simply visit www.giirs.org to register for the free online assessment. This free assessment takes an average of 2-3 hours to complete and will provide a baseline measurement of a company's impact performance. A company can view their preliminary score to understand current performance and then access the customized improvement guides.

In the company portal, B Lab has also introduced a *customized improvement report (Figure 3)* allowing companies to see per-question details on the answers they provided in the assessment and identify priority areas for improvements. All companies can use this report to determine how to improve their impact and access the best practice guides Curriculum.

Figure 3: Sample of the customized Improvement Report

Question # Difficulty Copy CSV Excel PDF

Show entries Search:

Question #	Question	My Answer	Earned Points	Available Points	Sub-Category	Difficulty
WR2.3	During last FY, did all FT and PT workers receive an increase to their salary/wages that at least meets the inflation rate in your country? Do not include commissions paid to commission-based workers in this response. (Click on ? to link to an inflation table).	No	0.0	3.5	Compensation, Benefits & Training	Medium
WR2.1	Are all non-managerial workers (including FT, PT and Temporary) paid above the minimum wage?		0.0	3.5	Compensation, Benefits & Training	Medium
WR2.2	What % above the minimum wage did your lowest-paid worker (FT, PT and Temporary) receive during the last fiscal year? If your lowest-paid worker received only the minimum wage, enter 0%. If there is no minimum wage in your country or if all workers are on salary, select N/A.		0.0	3.5	Compensation, Benefits & Training	Medium
WR5.3	What % of FT workers (excluding founders and senior managers) own stock, stock-equivalents or stock options in the company? Enter 0 if none of the workers own the business. Select N/A if your company is a producer cooperative.		0.0	3.5	Worker Ownership	Hard
CM5.2a	What % of positions above entry level have been filled through internal promotion during the last 12 months? If there have been no job openings above an entry level, enter 0.		0.0	2.7	Community Practices	Medium
CM5.1a	What % of FT and PT jobs were newly created at your company during the last 12 months? This does not include existing positions that were filled due to vacancy.	0	0.0	2.7	Community Practices	Medium

Sample list of best practice guides utilized and referenced by pilot companies

- ⁱ See: [Training & Education](#)
- ⁱⁱ See: [Evaluating a Suppliers' Social and Environment Practices](#)
- ⁱⁱⁱ See: [Stakeholder Engagement](#)
- ^{iv} See: [Financial Reporting Standards & Transparency](#)
- ^v See: [Creating An Employee Handbook](#)
- ^{vi} See: [Creating A Supplier Code of Conduct](#)
- ^{vii} See: [Implementing An Environmental Management System](#)

We are grateful to The Aspen Network of Development Entrepreneurs for its support and are committed to continue to provide helpful resources and tools for ANDE members.

Our sincere thanks to all the companies for their commitment and leadership during this effort:

Acción Verde
Bioconstruccion
Lindes
SMV Wheels
TotalPET Corp

Thank you to the ANDE members for their support:

Endeavor
Dasra
New Ventures

About B Lab:

B Lab is a nonprofit organization dedicated to using the power of business to solve social and environmental problems. B Lab drives systemic change through several interrelated initiatives: 1) building a community of Certified B Corporations to make it easier for all of us to tell the difference between “good companies” and just good marketing; 2) driving capital to high impact investments through the use of GIIRS Ratings & the B Analytics platform; 3) helping all companies measure what matters through use of the B Impact Assessment, B Lab's free confidential management tool for measuring a company's impact on its workers, community, and the environment; and 4) promoting benefit corporation legislation to create a new corporate form that meets higher standards of purpose, accountability and transparency;. Learn more at www.giirs.org, www.bcorporation.net, and www.benefitcorp.net.

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