The Business of Impact: How Purpose and Profit Shape the New Corporate Paradigm

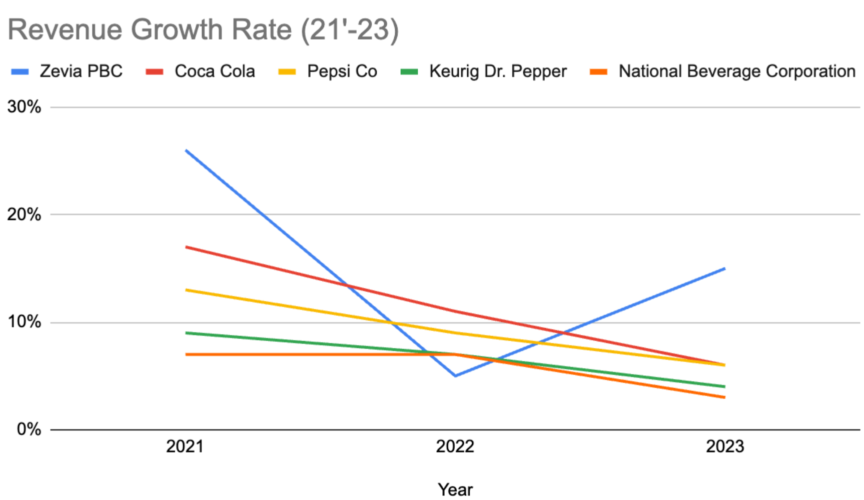
By: Ellie Hunter

"Many entrepreneurs, executives, and investors are realizing that the best-performing companies [have what we might call a 'purpose motive'] – they stand for something and contribute to the world." – Daniel Pink, *Drive*

Daniel Pink suggests that doing *well* and doing *good* are not mutually exclusive but reinforcing. B Lab Global, the international leader and regulator in the purposeful business space, shares this belief and boasts a rigorous certification process that companies can obtain should they be deemed socially and environmentally responsible. This B Corporation certification, when given to a company, enables it to be easily identified as a responsible company by consumers and has one positive consequence of attracting talent to work at these businesses. Additionally, this certification is a commitment for a company to continually strive to become more sustainable, as the certification must be renewed every three years. By taking a sample set of benefit corporations and performing qualitative and quantitative analyses, this research reveals how B Corp status positively affects a company's financial performance and demonstrates how B Corps are more likely to improve holistically over time.

Many publicly traded companies are either B Corps themselves or have one or more subsidiaries holding B Corp status. Each company, upon certification, receives a B Impact Score, which is revisited every 3 years when the company is recertified (*B Impact Assessment)*. This index is an aggregate of subscores addressing governance, workers, the environment, the community, and customers. To reach B Corp status, a company must score 80 points or higher ("About the B Corp Certification: Measuring a Company's Entire Social and Environmental Impact"). For reference, the median score of any ordinarily surveyed organization is 50.9. By comparing publicly traded B Corps to their uncertified and publicly traded competitors across sectors, this set of case studies aims to shed light on the impact of certification on financial performance.

The beverage industry is highly cutthroat, but Zevia PBC, a healthy soda company, is the perfect example of how being in the business of doing good can spearhead positive financial performance. Zevia was founded in 2007, had its IPO in 2021, and was certified as a B Corp that same year ("Zevia PBC"). It has a B Impact score of 91.2, 11.2 above the baseline ("Zevia PBC - Certified B Corp"). Zevia competes with traditional soda companies and other beverage industry corporations; below is a plot of the Year vs. Annual Revenue Growth Rate of Zevia and its closest public competitors. All data was pulled from SEC Form 10-K from each company's annual reports and filings.

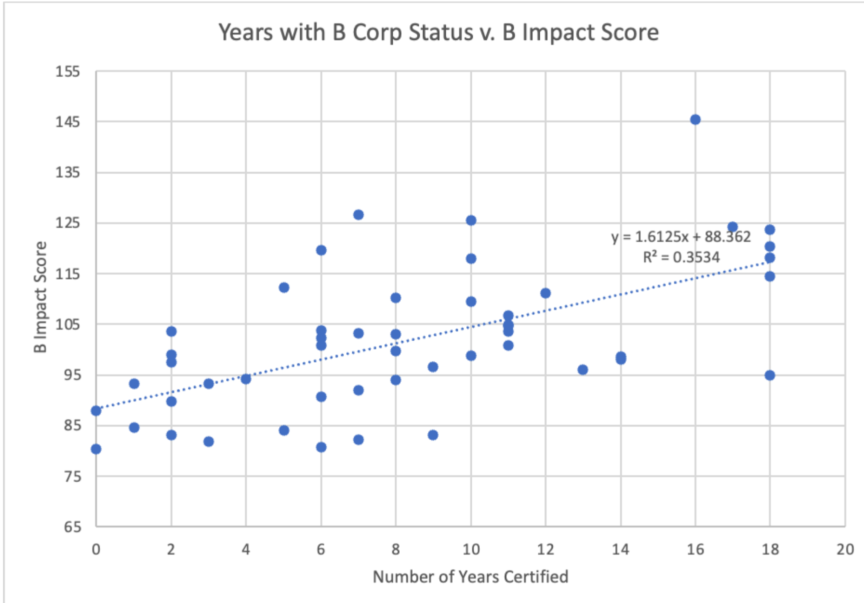


The revenue growth rate chart reveals that Zevia, while experiencing fluctuations as a rapidly expanding and newly-public company, often does, can still maintain a growth rate on par or above that of large cap competitors like Coca-Cola and Pepsi. While the above graph somewhat portrays Zevia's success, the chart below underscores a better metric for understanding Zevia's impressive financial performance. By comparing 2024 revenues to 2021 and determining the Compound Annual Growth Rate (CAGR) for Zevia and its competitors, it is evident that Zevia is out-performing and on par with its arguably biggest competitor, Coca-Cola, in terms of revenue growth rates.

Company	**CAGR (21'-24')**
Zevia PBC	9%
Coca Cola	9%
PepsiCo	7%
Keurig Dr Pepper	7%
National Beverage Corp	4%

Similar trends can be expected across several sectors of the Benefit Corporation space. Vital Farms is another rapidly expanding B Corp that “is a market maker for pasture-raised eggs and butter” (“Vital Farms - Certified B Corp”). Vital Farms was founded in 2007 and certified as a B Corp in 2015, and it had its IPO in 2020 (“Vital Farms, Inc.”). Today, Vital Farms has a B Impact Score of 98.7 (“Vital Farms - Certified B Corp”). While a challenging growth rate to maintain, Vital Farms boasted an unprecedented 969% CAGR from 2021 to 2024 compared to Post Holdings and BellRing Brands' 18% and 32%, respectively.

While compiling this data, another trend revealed itself. As of February 24, 2025, there are 9,329 B Corp-certified companies (“Find a B Corp”). Each one was assigned a random number from 1 to 9,329. Then, using a random number generator, 50 were selected at random. Below is a plot of their year of certification vs. their B Impact Score.



This plot reveals that the longer a company has been certified, the higher its B Impact Score. The plot has a p-value of <0.001, indicating strong evidence for a positive correlation–and, thus, statistical significance. Additionally, the Coefficient of Determination is .3534, meaning that about 35% of the variance in B Impact Scores can be explained by the number of years of certification. This correlation is moderate but present, thus demonstrating the positive long-term impact of obtaining a B Corp certification. B Lab requires that companies renew their certification every three years and strive to outperform previous B Impact Assessments. So, it is no surprise that the above data reveals that the longer the certification is held, the more likely a company will improve its sustainability.

While the above research is primarily concerned with large cap public companies in the United States, The Sunday Times in a report on research conducted by B Lab UK cites that "between 2023 and 2024 small and medium-sized businesses that hold the certification enjoyed a 23.2% increase in revenues, compared with the national average of 16.8%," and additionally, "B Corps are also creating more jobs at a time when hiring intentions are stagnating in other parts of the economy, with its accredited members reporting a 9.6% rise in headcount, compared with a

0.5% decrease among the wider business population" (Prevett). These metrics are significant and indicate the impact of B Corp certification on newer and growing companies. B Corps are tangibly out-performing and out-growing standard companies.

Clearly, companies benefit externally and internally by seeking B Corp Certification. According to a recent study conducted by the B Lab, over "50% of adults ages 18-40 had awareness" about the B Corp Certification ("Why Companies Become B Corps"). This means consumers recognize the B Corp Certification and may be more likely to choose a B Lab certified product over an uncertified competitor. Additionally, "B Corps are 46% more likely to have engaged employees;" therefore, the productivity levels within an organization are higher when a company is a certified B Corp ("Why Companies Become B Corps"). While the exact reason for this boost in engagement is unknown, perhaps it is because B Corps are often better places to work and are committed to a fulfilling mission within the world–not just to cutting costs to earn the most money.

Another advantage to certifying with B Lab is that "B Corps are able to raise values aligned capital and the B Corp community has raised more than 2 Billion dollars" ("Why Companies Become B Corps"). In short, B Lab argues that funding avenues become more available to companies with B Corp status. Medium and B the Change report that to achieve B Lab's mission: "all companies [will] compete not only to be the best in the world, but the best for the world," requires "persuading Wall Street that legally binding commitments to serve workers, communities and the planet won't come at the expense of shareholders." (B the Change). This shift will occur as younger generations, who tend to care more about the environment, become the ones in charge.

Through examples like Zevia and Vital Farms, it is becoming increasingly possible to convince investors that investing in *good* is the way to help them do *well*. Research has shown that the youngest generations are placing increasing value on a company's positive contributions to society, so the trend of B Corps being financially successful can be expected to continue and grow as younger generations join the workforce. The Pew Research Center, in a report on environmental activism across generations, reported that 67% of Generation Z believes that "climate should be [a] top priority to ensure [a] sustainable planet for future generations" (Tyson). In short, a mass paradigm shift is on the horizon as younger generations more concerned with social responsibility join the workforce.

Entrepreneurs and CEOs should consider this trend and pursue B Corp certification as one way to not only improve their companies but also as a way to reach their financial goals. Businesses are often left with strict responsibility to their shareholders. B Lab requires firms to be responsible to their employees, the environment, and consumers. This cycle, in turn, creates consumer loyalty, attracts talent, and encourages financial growth. All in all, there is a noticeable shift favoring companies that work to serve a greater good, driven by younger generations entering the workforce and favoring sustainable companies. This trend is still in its early stages, and to remain ahead of the curve, companies should begin to pursue B Corp certification and strive to do well by doing good.

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