



B Impact Assessment Student Handbook

Improving the resilience and social, environmental, and long term economic performance of SMEs utilising the B Impact Assessment.

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1. Introduction

1.1 100 Resilient Cities

100 Resilient Cities (100RC) – pioneered by the Rockefeller Foundation – helps cities around the world prepare to meet the physical, social and economic challenges that are a growing part of the 21st century. Melbourne was selected from 372 applicant cities around the world to be among the first wave of 32 cities to join the 100RC network.

The Resilient Melbourne project is auspiced by the City of Melbourne in collaboration with the 31 other councils that make up Greater Melbourne, and many associated partners. The project is led by Melbourne’s Chief Resilience Officer and a small team of staff in the Resilient Melbourne Delivery Office.

Resilient Melbourne marks an important point in Melbourne’s development. It presents the first of our city’s resilience strategies: a starting point that brings together tiers of government, organisations and individuals critical to the resilience of Melbourne and its diverse communities. It offers a new way to address the chronic stresses and acute shocks we are likely to experience, and to achieve our vision of a city that is viable, sustainable, liveable and prosperous, today and long into the future.

As part of your pack, you have a copy of the strategy overview. The full version of the strategy is available for download on the Resilient Melbourne website [here](#)

For more information about 100RC visit [here](#)

1.2 What this project is all about

This project springs from the “innovative business models” action of the Resilient Melbourne Strategy.

Small to medium-sized businesses (SMEs) are valuable contributors to our economy. In addition to being an indicator of, and contributor to, the success of our economy, these businesses are highly vulnerable to shocks and stresses. Following an extreme event, around one-third of affected SMEs close and never reopen¹.

What’s an SME?

There are currently no standardised definitions in Australia, however the Australian Bureau of Statistics classifies a micro-business as those with zero to four employees and a small business as those with zero to 19 employees, while medium-sized businesses are defined as those with 20 to 199 staff.

To help Melbourne’s SMEs understand and respond to their greatest business challenges and vulnerabilities and improve their resilience (see 1.4), the Resilient Melbourne Delivery Office is working with B Lab Australia & New Zealand, local governments, and leading universities in Melbourne to help SMEs undertake B Lab’s ‘B Impact Assessment’ (BIA).

The pilot project will highlight to businesses how they can contribute to greater economic, social and environmental outcomes while also increasing their capability to continue to operate in the face of adversity and bounce back more effectively after an external shock.

As a first step, Resilient Melbourne and B Lab has partnered with the

¹ Richard Blundel et al., “Resilience and Recovery: SME experiences of extreme weather events and other external threats”, Institute for Small Business and Entrepreneurship, 506 Nov 2014, Manchester

Monash Sustainable Development Institute (Monash University) 'Future Leaders' program (high performing students) and eligible business and sustainability undergraduate students, as well as MBA students from the Victoria Graduate School of Business, to pilot the initiative with local SMEs via local government networks.

While considerable thought has gone into developing this project, please bear in mind it's a pilot, which means there may be some unforeseen niggles and uncertainty along the way! An important part of the project is the monitoring and evaluation that will be conducted to assess success and determine an approach for scaling up the program across other universities, councils and SMEs across Melbourne. You will be asked to provide feedback after the pilot.

1.3 B Lab

B Lab oversees the global B Corporation movement, working with businesses that commit to placing positive impact at the core of their operating and business models.

B Lab Australia and New Zealand is the not-for-profit which supports the community of B Corporations in Australia and New Zealand. B Corporations represent an emerging group of companies that are using the power of business to create a positive impact on the world and generate shared value.



A wide range of product and service businesses have become certified B Corps, and the trend is up. Some examples in Australia are KeepCup (re-usable coffee cups), Stone and Wood (brewery), Emma & Tom's (fruit juice and snack bars), Tom Organic (pads and tampons), Aspen Medical (healthcare), Bellroy (leather wallets), Future Energy (renewables) and Who Give a Crap (toilet paper).

Currently there are 182 certified B Corps in Australia, employing more than 4,000 people and contributing over \$1B in annual revenue to the Australian economy. More than half of B Corps are professional development firms, with an increasing number of consumer goods companies (at approximately 20%). Financial services firms make up another 15%, and the remaining 15% come from a diverse range of industries.

To view the current crop of B Corporations in Australia (and New Zealand) visit [here](#)

1.4 Urban resilience

Urban resilience is the capacity of individuals, communities, institutions, businesses, and systems within a city to survive, adapt, and grow no matter what kinds of chronic stresses and acute shocks they experience.

CHRONIC STRESSES weaken the fabric of our city on a day-to-day or cyclical basis. Examples include: high unemployment, inefficient public transportation systems, endemic violence, climate change, and chronic food and water shortages.

ACUTE SHOCKS are sudden, sharp events that threaten our city. Examples include: flood, fire, earthquake, energy blackout, disease outbreaks, cyber-attack, and terrorist attacks.

Resilient cities – its institutions, businesses, and communities – demonstrate seven qualities that allow them to withstand, respond to, and adapt more readily to shocks and stresses (see Figure 1).

It is hoped that Melbourne’s SMEs that undertake the B Impact Assessment will have a much better understanding of their operations and their impact and will be able to respond to their greatest business challenges, vulnerabilities and opportunities. Ultimately, we want them to improve their resilience.

Figure 1: the seven qualities of resilient cities



2. Key contacts

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3. Having an impact

This action of the Resilient Melbourne Strategy is being well-received by all partners involved thanks to its multiple benefits.

3.1 Benefits for students

We want you to leverage your education and skills to help build better businesses.

As you work towards completing your degree, you have the opportunity to engage with an external company and work together to establish their impact baseline and then show them how they can implement positive changes that will improve resilience and their overall business success.

The BIA process will allow you to experience all aspects of what goes into running a business, and gain invaluable experience and skills that are highly desired by companies who are looking for employees who possess a strategic lens to be the next generation of business leaders.

You will:

- Gain an understanding of the innovative B Corporation model and connect directly with your local business community.
- Explore the challenges for the future world of business and learn how companies do well by doing good.
- Learn how business is responding to complex social and environmental issues and transforming these into opportunities to innovate.
- Develop your professional skills (e.g. project management, communications and stakeholder engagement).
- Strengthen your degree, build up your CV and stand out to future employers.

The time requirement is expected to be up to around 20 hours, including pre-readings, completing the BIA with the business, analysis of the B Impact Assessment report and making a presentation to the business. In addition, participants will experience a three-hour master class from B Lab Australia and NZ and the Resilient Melbourne Delivery Office.

This is an unpaid role, however the business will provide a small stipend (\$50) to cover your travel to/from the business and your lunch (if relevant).

Expectations are important for companies, students and universities to establish prior to beginning the BIA. The practice of defining expectations is a standard best practice for consultants and as such, you will complete a project scope agreement form with the business.

3.2 Benefits for business

A BIA allows interested businesses establish a baseline of their organisational performance and impacts. A completed assessment can drive full B Corp certification (NB. this is outside the scope of this project), cost savings, strategic direction, and improved engagement with customers, suppliers and the local community.

There is ample research showing that businesses which actively try to address social and environmental issues also retain customers and employees better and therefore generate higher returns in the long run. An 'impact business' is one that uses commercial models to create, motivate and manage a for-profit business that contributes to positive economic, social and environmental change.

Impact business practices are different from 'corporate social responsibility' (CSR). An impact business will have delivery of social and/or environmental impact at the core of its business purpose, whereas CSR efforts are attempts to give back to society through activities such as philanthropy, volunteerism, and waste reduction, but these activities are not necessarily at the company's core.

By undertaking the BIA, a greater number of SMEs will have a much better understanding of their business and then be able to develop and implement stronger plans to manage their business on a day-to-day basis and be better prepared for various shocks and stresses.

It is your role to challenge the business to reflect on the type of company they want to build over the long run, and help them understand policies and programs to put in place to set up for thoughtful, sustainable growth.

The business sector is moving quickly towards increasing standards of accountability and transparency. Sustainability and social responsibility are becoming critical considerations for both consumer and supplier networks that ultimately drive business decision making. Completing a BIA gives companies an opportunity to baseline their current performance against industry benchmarks and established standards. Companies can leverage the partnership with you to complete the BIA and identify strategic improvements in an effort to increase social, environmental and economic performance.

Resilient Melbourne has worked with councils to identify a group of SMEs that have expressed interest in completing the BIA with your added assistance.

2.3 Benefits for councils

We are using council business networks to recruit their local SMEs. The benefit of council involvement is that they are able to provide assistance to their local SMEs via a learning and capacity building program, and develop closer relationships with the university sector.

Assisting local SMEs helps councils fulfil their obligations under the *Local Government Act 1989*. Under section 1(4) of the Act, it is the role of a council to provide governance and leadership for the local community through advocacy, decision making and action. In the Act, 'local community' includes:

- (a) people who live in the municipal district; and
- (b) people and bodies who are ratepayers; and
- (c) people and bodies who conduct activities in the municipal district.

Section 3C of the Act outlines the objective of a council (relevant elements highlighted in **bold** text):

- (1) **The primary objective of a council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.**
- (2) In seeking to achieve its primary objective, a council must have regard to the following facilitating objectives –
 - (a) **To promote the social, economic and environmental viability and sustainability of the municipal district;**
 - (b) To ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - (c) **To improve the overall quality of life of people in the local community;**
 - (d) **To promote appropriate business and employment opportunities;**
 - (e) To ensure that services and facilities provided by the council are accessible and equitable;
 - (f) To ensure the equitable imposition of rates and charges;
 - (g) To ensure transparency and accountability in council decision making.

4. The B Impact Assessment

You will work in conjunction with a senior representative of a company to complete the initial assessment of the company's social and environmental performance via B Lab's BIA. You will follow up this effort with your own analysis and B Lab's report and resources to identify implementable solutions aimed at improving corporate performance.

The BIA is broad and comprehensive, yet focused enough for you to help your business identify its starting point of reference and areas for improvement. Companies can then embed your recommendations into their corporate DNA, and pursue full B Corp status if they wish. B Corp certification can be achieved with a score of at least 80 out of 200 possible points, after undergoing a verification process.

The baseline established is valuable to all stakeholders as organisations seek to improve their resilience and improve their social, environmental and economic performance.

Quick Guide to the pilot project

1. Participate in the masterclass.
2. Complete the project scope and confidentiality agreement to clearly define the scope, roles, responsibilities and timeline with your business, and get the intern agreement signed.
3. Communicate to the business the information they will need to provide.
4. Complete the BIA with the nominated senior representative of the business.
5. Review the BIA report and analyse the results to determine areas for improvement.
6. Present the report, recommendations and information and resources to the business.
7. Complete the 'after' survey to help us monitor and evaluate the pilot project.

The BIA is composed of five sections:

- Governance
- Workers
- Community
- Environment
- Customers

See the accompanying resources for deeper explanations of these elements.

The BIA will take different amounts of time depending on the industry and size of your company, as well as the availability of information and resources from the business. As such, each section can be completed in partial and revisited for completion at a later date if needed.

Some organisations have completed the assessment in as little as 3 hours, while others may take a little longer. It is important to discuss the timeline and scope with your partner organisation so that you are able to complete the BIA within a suitable timeframe.

Each Section of the BIA will present some questions that will be more difficult to answer. Answers can be challenging from the perspective of obtaining the appropriate data or information or in terms of defining the position of your partner company relative to the question. Utilise the BIA's resources to better understand the specific question, and, if appropriate contact a staff member from B Lab to clarify any outstanding uncertainty.

5. Completing the assessment

Scope and timeline

The scope of the pilot project has been clearly defined and will be communicated to all interested businesses during the recruitment phase. You should not modify the agreed scope that has been outlined in the project scope agreement, however if you wish to go above and beyond that is totally up to you, however do not create any unnecessary expectations that you may not be able to meet.

Identify any potential constraints your business may have (and yourself) prior to beginning the BIA in order to gain the most value during the project and to ensure it can be completed within a reasonable timeframe. Also, be conscious that a business may have unforeseen demands that must be addressed that may impact on the timing of you getting onsite to complete the BIA.

The phases below provide an indicative timeframe.

Phase 1: Establishment (week 1-2)

Contact your partner company to establish the scope, schedule, goals and deliverables for the BIA using the project scope agreement. This is also the time to define roles and responsibilities, and inform the business of the information they are required to gather.

Ask the business you are working with to create a BIA account using a company email address and share login details with you. Once the project is completed, ask them to change the password on the account.

Phase 2: Data entry (week 3)

Meet onsite and enter data with the senior representative of the business. After having completed the BIA with your partner company you will receive an initial baseline score.

Get the business to sign up with their email address when creating the BIA initially, and get them to share it with you so you can access the platform. Tell them you will fill in the details. Then, on completion of the BIA, they will be able to maintain access to their tailored online report.

Respect the confidentiality of information collected from your business.

4: Analysis (week 4)

Analysis of the completed BIA and self-generated report. In addition to the baseline score, B Lab will provide you with a myriad of tools that can be used to begin your analysis and identification of implementable solutions for your partner company.

B Lab's customised improvement report will provide specific suggestions for improving the company's score – this will allow you to identify and diagnose areas for improvement with suggested best practices to help improve the organisation's performance.

5: Presentation (week 5)

Present the B Lab report and your recommendations back to company leadership. This should include the initial assessment results and recommendations for continuous improvement, as well as pointing the business in the direction of B Lab's best practices guides, and improvement case studies.

The *Best Practices Guides* will allow you to deep dive into areas of material focus that you have identified with your partner company. Use these resources to help shape your recommendations.

The *Improvement Case Studies* are a great resource that can be used to understand how a variety of different companies implemented solutions that allowed them to increase their baseline score and achieve better overall impact as an organisation.

Once the project is completed, ask the company to change the password on their BIA account.

6. Frequently Asked Questions

What's the connection between Resilient Melbourne and the B-Impact Assessment?

Small to medium-sized businesses (SMEs) are valuable contributors to our economy but are also highly vulnerable to shocks and stresses. To help Melbourne's SMEs understand and respond to their greatest business challenges and vulnerabilities, the Resilient Melbourne Delivery Office is working with B Lab Australia & New Zealand and leading universities in Melbourne to help SMEs undertake B Lab's 'B Impact Assessment.'

B Lab oversees the global B Corporations movement, working with businesses that commit to placing positive impact at the core of their operating models. The pilot project will highlight to businesses how they can contribute to greater social and environmental outcomes while also increasing their capability to continue to operate in the face of adversity and bounce back more effectively after an external shock.

As a first step, Resilient Melbourne has partnered with Monash University's 'Future Leaders' program (high performing final year undergrads from the Monash Sustainable Development Institute) and the Victoria Graduate School of Business to pilot the initiative with local SMEs via council networks.

We are also currently in discussions with several other university business schools about embedding the model into existing curriculums, based on learnings from the pilot project.

This action of the Resilient Melbourne Strategy has been well-received by all partners involved thanks to its multiple benefits; not only are businesses expected to find value in participating, but students will receive useful work experience, gain an understanding of the innovative B Corporation model and have the opportunity to connect directly with their local business communities. In addition, local councils will be able to help improve the resilience of their local SMEs and strengthen their relationship with the university sector.

Once Resilient Melbourne has finished facilitating the completion of the pilot project, it will conduct an evaluation to assess success and determine an approach for scaling up the program across other universities, councils and SMEs across Melbourne.

More information is available at www.bcorporation.com.au

Who in the company should help complete the B-Impact Assessment?

Preferably, a senior representative who has a high visibility of the overall operations of the business and access to necessary documents (e.g. CEO, CFO, COO, director, business owner). Depending on the size and complexity of the business, the senior rep may need the support of others from within the organisation (e.g. to help gather necessary information prior to conducting the B-Impact Assessment).

How much will this cost the business?

The B-Impact Assessment is a free, online, public service provided by a non-profit organisation (B Lab) and will be completed with the support of a Monash University 'Future Leader' (a high performing undergraduate student).

A small stipend (\$50) is to be provided by the business to the student to cover travel costs and lunch (if relevant).

The only other cost is the time spent with the student to complete the Assessment, and time required to collect the necessary information.

If a business is interested in becoming a fully *certified B Corporation*, there is a cost involved in the process used to verify company practices with an independent third party auditor. This amount varies based upon the annual turnover of the organisation. This is outside the scope of this pilot project, however more information is available by speaking with a B Lab staff member about the associated fees for becoming a certified B Corp.

What formal paperwork is required?

Get your business to complete and sign a standard *Internship Agreement* prior to you student being onsite. There will also be a project scope agreement / confidentiality agreement for you and the business to sign.

What will the business need to provide to help complete the B-Impact Assessment?

This will be covered off in more detail in the Masterclass.

You will need to provide an outline of the necessary information required to complete the Assessment before you visit them.

All information is to be treated confidentially by you, Resilient Melbourne, Monash University, Victoria Graduate School of Business, and B-Lab and is not to be shared publicly or with third parties.

You will advise the business of the best approach if they are unable to provide an answer while completing the Assessment. For convenience the assessment can be saved and revisited at any time to allow for easy access. If answers are unknown, it is encouraged to estimate answers the first time through or mark questions as "Revisit This". Questions can always be revisited when saving progress and exiting, to be returned to later when more information becomes available. A lack of information readily available can also become a potential recommendation.

The online BIA provides definitions and examples for each question.

How long does the B-Impact Assessment take?

For most businesses, the BIA itself normally takes between 2-5 hours to complete a rough baseline. The time involved largely depends on the size and complexity of the business.

For convenience the assessment can be saved and revisited at anytime to allow for easy access. If answers are unknown, it is encouraged to estimate answers the first time through or mark questions as "Revisit This". Questions can always be revisited when saving progress and exiting, to be returned to later when more information becomes available.

The questions generated are tailored to the size (number of employees) and type (sector) of business when registering the company for the B-Impact Assessment. It is important to indicate the appropriate number

of employees at this time, so that the most appropriate assessment template is generated, so make sure you remind the business of this at the very beginning.

Who develops the standards behind the B-Impact Assessment?

The standards are created and revised by the Standards Advisory Council (SAC), a group of independent experts in business and academia. Although the SAC creates the standards, they invite all interested persons to provide feedback on the standards.

The Assessment also goes through a private and public beta period in which feedback is collected and integrated into final versions. Expert working groups are convened to explore our specific issues more closely in an objective manner. The Assessment is updated every two years to accommodate new and innovative practices, respond to the feedback of its users, and to more accurately assess the impact of all types of businesses.

More information is available at <http://bcorporation.com.au>