



F R E U I S

PLAN B | BUSINESS UNUSUAL PRESENTS

**WHAT WE DO AS BUSINESSES
HAS TO HELP SOLVE THE BIG
PROBLEMS, ESPECIALLY THOSE
OF OUR OWN CREATION.**



Vincent Stanley, Director, Philosophy Patagonia



WHEN THE FOUNDERS OF B LAB CAME TO VISIT US IN VENTURA SHORTLY AFTER THEY STARTED UP IN 2007, WE TURNED THEM AWAY. WE TOLD THEM WE THOUGHT THE CERTIFIED BENEFIT CORPORATION WAS A WONDERFUL IDEA BUT NOT FOR US.

We had already helped create the Fair Labor Association, which audits working conditions in the sewing factories. We were encouraging our fabric suppliers to vet, through the Swiss laboratory bluesign, the chemicals and processes used in Patagonia fabrics. We were doing more than most companies to reduce our harmful footprint. Why submit to yet another independent audit of our practices? That's how our reasoning went.

What changed our minds was the prospect of becoming a legal benefit corporation, another idea dreamed up by B Lab founders to provide legal protection for companies like us that wanted to write our most deeply held values into our business charter and articles of incorporation. Patagonia was then and still is a privately held company. We wanted to ensure (or at least even the odds) that the company would, in perpetuity, reflect the core social and environmental values of its founders, even as shares changed hands over the decades. California became the seventh U.S. state to legalize the benefit corporation and our founder Yvon Chouinard stood first in line on January 1, 2012 to sign the papers. And to become a legal benefit corporation we had were required by law to submit to ongoing third-party assessment of our practices. So we became a certified B Corp as well.

Everyone who has gone through the process of becoming a B Corp knows it is not easy. Companies performing their first self-assessment, to determine

eligibility, average a score of 55 out of a possible 200 (it takes a minimum of 80 to certify). We had to scramble to collect and calculate the initial data that resulted in our first score of 107— and to set in place the processes that would enable us to capture future data year by year.

It did not take long to discover just how critical the BIA was to the advancement of our business. It gave us the only holistic look we have at how our actions affect all our stakeholders—from owners to employees to customers to suppliers to Mother Earth. We never before had interrogated our suppliers so closely about their practices. We were forced to ask ourselves questions about governance. We diligently calculated the ratio of pay of our highest paid employee against our least. We were relieved to find we could earn points for having installed permeable concrete in our headquarters parking lot. A low initial score in the “community” category inspired us to take action there.

The BIA also dinged us that first year for the paucity of our metrics on greenhouse gas emissions. In response, we invested in the software to track emissions and then worked to reduce them (if you don't know what you're doing, you can't do better). Subsequent assessments have helped us bridge knowledge gaps that had blocked the road toward social as well as environmental improvements.

The BIA score is a measurement of progress, not a goal in itself. (A social scientist will tell you that a measurement that becomes a goal ceases to be a measurement.) We couldn't game the assessment if we wanted to. It grows more rigorous each year. But there is a bit of a game involved. We started to feel competitive with other high scorers. When we first hit 150, we asked our friends at Dr. Bronner's how they were able to achieve 175! And as the assessment grows more rigorous—a good sign of the health of the movement—it becomes harder for companies to improve the score. Case in point, for our last assessment Patagonia fell back a tenth of a point.

The B Corp movement helps good companies become better citizens. It also puts the socially and environmentally minded businesses in touch with one another; the B Corp community is in many ways as strong an asset as the assessment itself.

At Patagonia we are delighted to see a movement and a community spread worldwide, particularly to Europe and the U.K., where a social consciousness and awareness of climate change is stronger than

in the U.S. In the ten years since we signed on with B Lab twinned social and environmental crisis has grown more manifest everywhere. It will take all the forces of society, including governments and N.G.O.s as well as businesses (privately and publicly held), to tackle the challenges posed by the rending of the social fabric and evisceration of nature. It does not help that voters at the national level in many countries, including the U.S. and the U.K., have been voting in autocratic charlatans who promise heaven to their constituents and to hell with all others.

All the more reason for those of us who are free and inclined to act to do so. It doesn't really matter what's good for business unless it's also good for the community and the planet, not just in an abstract or philanthropic way, but directly. Taking a noble stand or meeting a payroll or peeling off pre-tax donations is not enough. What we do as businesses has to help solve the big problems, especially those of our own creation. We are obliged by the urgency of our time to teach ourselves how to do the right thing in the right way and to help each other to do it. We do number, as businesses, in the hundreds

of thousands around the world and we can, and have to, make a difference. The B Lab movement provides us the self-knowledge and the good company to ask the right questions, take the right actions, and make that difference stick.

Vincent Stanley is co-author with Yvon Chouinard of [The Responsible Company](#).

He has been with Patagonia on and off since its beginning in 1973, for many of those years in key executive roles as head of sales or marketing. More informally, he is Patagonia's long-time chief storyteller. He currently serves as the company's Director, Patagonia Philosophy, and is a visiting fellow at the Yale School of Management.

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PATAGONIA WAS THEN AND STILL IS A PRIVATELY HELD COMPANY. WE WANTED TO ENSURE (OR AT LEAST EVEN THE ODDS) THAT THE COMPANY WOULD, IN PERPETUITY, REFLECT THE CORE SOCIAL AND ENVIRONMENTAL VALUES OF ITS FOUNDERS, EVEN AS SHARES CHANGED HANDS OVER THE DECADES.

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