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Brewery Vivant: Making a Positive Societal Impact on the West Michigan Community

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Background - How Business Management Education Has Changed

Years ago, business students were taught the philosophy of 1976 Nobel Peace Prize winner, Milton Friedman, and other economists, that businesses are not organized to engage in social activities but to return as much money to the shareholders as possible. Times have changed!

In a free market with significant competition, the selfish pursuits of corporations will lead to maximizing profits. Businesses that did not strive to maximize profits would be forced out of the marketplace by more efficient competitors. Thus, until approximately 1992, the essential message from business schools, was to act in one's self-interest and maximize profits. This was deemed the key strategy to efficiently allocating resources and insuring the future growth of the business entity.

In 1992 the United Nations sponsored the first Earth Summit in Rio de Janeiro, and 172 countries participated ("United Nations Conference," 1992). One goal was to encourage the countries to adopt the Kyoto Agreement to reduce greenhouse gas emissions causing global warming. Conference organizers asserted that adopting sustainable practices for the protection of the Earth and its inhabitants, was necessary for the future of our planet.

In response to the first Earth Summit, in 1994 the phrase "triple bottom line" (3BL) was coined by John Elkington (Elkington, 1998). Described as the "dean" of the corporate responsibility movement, Elkington was an evangelist for environmental responsibility. Businesses were encouraged to account not only for financial profits but also for progress in the area of the environment (the planet), and the social environment (people) – the triple bottom line. The sustainability movement had started with the first Earth Summit, and businesses were encouraged to make a profit while leaving people and the planet in a better place for future generations. In summary, the profit maximization mantra of Milton Friedman was starting to erode.

In 2006, B Corp certification became available to for-profit businesses that wanted to balance profits with the corporate social responsibility of providing a positive impact for the environment and society. B Corps recognize that profits, planet, and people are all important. As of 2019, there were 3,000 B Corps worldwide, 18 in Michigan, and 11 of these 18 were located in the West Michigan area (Good Business Matters, 2021). For example, Cascade Engineering, a local West Michigan business, was the first company to gain B Corp certification in Michigan. Overall, B Corps are known for being a force for good in our world, and many consumers are loyal supporters (B Corps, 2021).

To learn more about B Corp certification and how B-Corps can make a measurable difference to society and the environment, check these two resources:

www.bcorporations.net and see the Small Business Guide to B Corporations in Michigan <https://goodfor.org>.



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In 2019 the Business Roundtable, a non-profit lobbyist organization of leading CEO's, supported a new philosophical shift in how corporations should be managed. No longer was the primary purpose of the corporation to advance only shareholder interests via profit maximization but to consider all stakeholders, including employees and society at large. Jamie Dimon, leader of the Business Roundtable in 2019 and chief executive of JPMorgan Chase, explained that this management strategy occurred when it was clear that business as usual was no longer acceptable (Benoit, 2019). This was driven by a buildup of public sentiment where people increasingly expected more from businesses than just producing profits for shareholders and a growing weariness over government in-action was pushing for change. Businesses were being challenged to make a positive impact in society and the environment. There was recognition that governments were not effectively dealing with various societal issues and businesses needed to do more to protect the environment and the people of the world. For example, note the public criticism of Facebook in October 2021. Facebook was accused of putting "profits before people" (Bauder & Liedtke, 2021) in failing to protect young children using the Facebook social network.

Business School accreditation by AACSB is the "gold standard" of quality business school education. In 2020, AACSB Standard #9 was adopted. The standard states that accredited business schools must demonstrate positive societal impact through both internal and external initiatives. In other words, business schools as well as businesses must contribute to making a positive societal impact on people and the planet, and this engagement must be documented for review (AACSB, 2020).

Thus, during the last 70 years, business schools have gone from teaching students that profit maximization for shareholders was the most important management philosophy to teaching students that businesses must contribute to making the world a better place - profits, people, and planet.

Why Brewery Vivant is a West Michigan Success Story

Today, in GVSU business classes, we highlight West Michigan businesses like Brewery Vivant, the fourth B Corp in Michigan. Not only do they serve great food and beverages, their management philosophy is an inspiration to today's students who believe that business can make the world a better place. Here are two key management strategies:

STRATEGY #1 – COMMITMENT TO THE "TRIPLE BOTTOM LINE"

Brewery Vivant issues a sustainability report each March documenting their progress and commitment to the triple bottom line - people, planet, and profits (Sustainability, 2021). It is part of a B Corp's responsibility to be transparent to the public and demonstrate progress toward various sustainability goals.

The Brewery's commitment to the planet is recognized, in part, by the following: they were awarded the first LEED certification for a production brewery in the United States in 2012. LEED certified buildings are resource efficient using less water and energy, and generating reduced greenhouse gas emissions. Emphasis is always given to reduce, reuse, and recycle materials. Brewery Vivant produces onsite renewable electricity to reduce their electric bill expenses, and they have a zero-landfill goal. Less than 4% of their waste is sent to the incinerator, and the rest is either composted, recycled or fed to cattle. In addition, note the cumulative total of many "little things" that Brewery Vivant does to protect the environment. All rainwater runoff in their parking lot is recaptured in a large cistern and slowly released into the ground reducing pressure on the city's wastewater treatment plant. The toilets and urinals are all low flow. The Brewery switched from waterless urinals to low flow since the technology has greatly improved. Comparatively, waterless toilets and urinals are a maintenance issue and produce more waste with the required cartridges. Other examples are included in the company's sustainability report (www.breweryvivant.com/sustainability).

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Brewery Vivant's commitment to people is recognized, in part, by their commitment to donate 1% of sales to local charity partners. The Brewery has Benefit Nights at the pub to support local organizations, and they regularly deliver food to those in need in the community. Wherever possible, they use locally sourced ingredients and materials. Brewery Vivant's supply chain supports their three pillars of sustainability:

- environmental integrity
- social equity, and
- economic viability

Brewery Vivant also supports various employee opportunities including volunteer service activities and providing financial support in the community during COVID-19 restaurant restrictions.

STRATEGY #2 – BREWERY VIVANT IS A “PURPOSE DRIVEN” COMPANY STARTING WITH THE OWNERS

Kris Spaulding, owner and president of Brewery Vivant, is an advocate of how business can engage with the community, the environment, and other social issues in a meaningful way to make the world a better place. The purpose and philosophy of Brewery Vivant is “Beer the change you want to see in the world” (inspired by Gandhi). In addition, Kris promotes the business's purpose to be lean, profitable, and nice. As their web site states, “We will run our company being nice to our customers, co-workers, community, and our environment.”

Many people, and not just Millennials, want to work for organizations whose purpose resonates with them intellectually and emotionally. It's good business too. Studies indicate that over 90% of purpose-driven businesses deliver growth and profits above the industry average (Blount & Leinwand, 2019).

Since Brewery Vivant is a purpose driven company, Kris Spaulding has found that entrepreneurs and innovators approach the business to pilot or partner with new sustainability focused technology. This gives them early access to innovations that have the ability to move the sustainability needle in the long-term. Not all innovations work, but Kris finds these partnerships motivating and important in creating a better world.

In summary, Brewery Vivant is a West Michigan success story demonstrating a management philosophy that students are learning in today's classroom. Businesses must make a profit and can do so while making a positive impact on both the environment and our society. People in general, and especially members of the Millennial and Generation Z cohorts, believe businesses should address social and environmental issues. Fortunately, they and many others are ready to be loyal customers to businesses like Brewery Vivant as they labor to make the world a better place.

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