

Good Business Index

FOR FME VENTURES



“There are so many challenges facing our society, our species, and our planet today. But we also have tremendous resources and ingenuity to address them, particularly in the business community. ... Each company touches the world around it in unique ways, and each of those touchpoints is an opportunity to raise the bar—for the business itself and for its industry.”

- Arthur M. Blank '63, H'98 in *Good Company*



Good Business Index

for FME Ventures

How do you create a good business?

And what do we mean by “good”?

How can your FME venture not just be profitable but impactful?

As you develop your FME venture, the Good Business Index serves as a valuable guide in your decision-making processes and practices. It highlights key considerations for entrepreneurial leaders at every stage of business development—principles that, when followed, tend to lead to more sustainable and impactful businesses.

We recognize that FME ventures operate within a short timeframe, making it difficult to implement long-term strategies necessary for creating durable positive impact. However, your team can still make choices that shape your venture’s economic, environmental, and social value, both in the short term and with potential long-term effects in mind.

For example, your venture may consider:

- What is our promise to our stakeholders? How are we putting our values into practice?
- How might our choice of supplier impact our social impact or environmental footprint?
- Are we promoting our products and services honestly, avoiding misleading claims?
- How are we fostering an inclusive culture for our FME team?

This tool will help your venture engage with the UN Sustainable Development Goals (UN SDGs) and other standard commitment and reporting frameworks. It introduces you to the growing importance of corporate non-financial reporting. Each section encourages you to consider the various factors that contribute to leading a responsible—and potentially impact-driven—business.

The Good Business Index will help you evaluate whether your venture is on track to becoming a “good business.” If your team demonstrates thoughtful consideration of environmental and social factors alongside economic ones, your venture may earn certification, signifying it as a “Good FME Business.” You can display this certification on your website, marketing materials, and community report, signaling to stakeholders your commitment to running a responsible business.



What do young entrepreneurs think?

According to the Global Entrepreneurship Monitor (GEM) 2023-2024 United States Report released by Babson College, young entrepreneurs (18-34 years) showed the highest rates of entrepreneurial activity and entrepreneurial intentions. They were also more likely to focus on social and environmental impact.

61%

of young entrepreneurs
were more likely to
prioritize
sustainability

66%

of young entrepreneurs
were more likely to
take steps to
minimize
environmental
impact

55%

of young entrepreneurs
were more likely to
take steps to
maximize
social
impact

Young people, with their energy and creative ideas, can be a major force in driving positive change that benefits people and the planet.

Donna Kelley
GEM U.S. Team Co-Leader

Babson Professor of Entrepreneurship
Frederic C. Hamilton Chair of Free Enterprise

BABSON COLLEGE

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I. Introduction of Your Venture

What is your Business Model Canvas?

Provide an overview of your venture's feasibility, desirability, and viability. ¹

Key Partners Who are your key partners? Who are your key suppliers?	Key Activities What key activities does your value proposition require?	Value Proposition What value do you deliver to the customer? What problem are you solving? What customers need are you satisfying?	Customer Relationships What type of relationship does each of your customer segments expect you to establish and maintain with them?	Customer Segments For whom are you creating value?
	Key Resources What key resources does your value proposition require?		Channels Through which channels do your customer segments want to be reached?	
Cost Structure What are the most important costs inherent in your business model? (both visible and invisible)			Revenue Streams For what value are your customers willing to pay?	

II. Culture and Values

What are your values?

1. Have you created a mission statement? If so, how does it guide your daily operations?
2. Have you created a list of core values? If so, list them and describe how they have worked out in practice.



FME is a chance to be innovative and creative, and there are so many opportunities to create positive environmental and social impact whether it is through a product or service.

The Good Business Index was a great opportunity for evaluating the sustainability of my business from the social to environmental impact we create. Beyond just evaluating my business, the sustainability interns were helpful in giving suggestions about how to make improvements and changes that could be made if we were to restart our business.

Natalie Chong '25, Sustainability Intern and Natalie Taylor Scholar

What is your promise?

A **promise** is a commitment to do something specific, for someone, that matters to them — and to you. It encompasses your motivations (Why?), actions you take (What?), and your key stakeholders (Who?).

Using this simple, fill-in-the-blanks approach can be a helpful way to get started. Try to be succinct and communicate only what is essential. Seek to be **human-centered** (anchoring in the needs and realities of your stakeholders/users), **impact-driven** (expressing

multiple different forms of value you are creating), and **aspirational** (capturing the different desired future that you seek to create).

Cultivate patience! It can take time and iteration to create a compelling, differentiating Promise that expresses who you are and what you are trying to achieve, and resonates deeply with both you and your stakeholders.

Start here, articulating succinctly what you aspire to do. Don't overexplain.



We

Next, bring in your stakeholders and their needs. Employ accessible, relevant language they might use themselves.



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Finally, express the value you seek to create for your stakeholders by capturing your impact. Make sure you reflect both emotional and functional benefits.



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How are you building an inclusive culture and implementing responsible business practices?

1. How do you determine roles and responsibilities? How do you ensure all team members have equal opportunities to grow and participate in decision-making?
2. When conflicts arise, how do you manage and solve them? How are you creating a space where everyone feels comfortable sharing their perspectives?
3. Are you making claims about the environmental or social value of your product or service in your marketing? If yes, share an example of an ad, webpage, or other marketing/communications that specifically speaks to the social or environmental qualities of the product or service. Explain how and why you are making these claims.

IMPORTANT: Avoid greenwashing and purpose-washing, where you misrepresent or exaggerate (whether intentionally or unintentionally) your environmental and social impact. Ensure your business practices can back up your claims.

How are you addressing the UN Global Goals?

Which UN Global Goals (UN Sustainable Development Goals or SDGs) are your venture focusing on? ²

SDG	Explain how and why your venture is addressing this SDG
<input type="checkbox"/>  1 NO POVERTY No Poverty	
<input type="checkbox"/>  2 ZERO HUNGER Zero Hunger	
<input type="checkbox"/>  3 GOOD HEALTH AND WELL-BEING Good Health and Well-being	
<input type="checkbox"/>  4 QUALITY EDUCATION Quality Education	
<input type="checkbox"/>  5 GENDER EQUALITY Gender Equality	
<input type="checkbox"/>  6 CLEAN WATER AND SANITATION Clean Water and Sanitation	
<input type="checkbox"/>  7 AFFORDABLE AND CLEAN ENERGY Affordable and Clean Energy	
<input type="checkbox"/>  8 DECENT WORK AND ECONOMIC GROWTH Decent Work and Economic Growth	

SDG

Explain how and why your venture is addressing this SDG

☐

Industry, Innovation and Infrastructure

☐

Reduced Inequalities

☐

Sustainable Cities and Communities

☐

Responsible Consumption and Production

☐

Climate Action

☐

Life Below Water

☐

Life on Land

☐

Peace, Justice and Strong Institutions

☐

Partnerships for the Goals

Leading with Values

The Blank Family of Businesses has six core values.

Put People First

Demonstrate understanding that people are the center, the heartbeat of an successful enterprise. Build rapport and trust by demonstrating sensitivity and respect for others. Empower and listen to associates because they are our number-one source for information and ideas. Invest time and resources in developing associates' skills and assisting them in managing their careers.

Include Everyone

Our individual differences make our organization more valuable. Value diverse ideas, experiences, skills, work styles and backgrounds. Harness individual differences to create a competitive advantage and better support our partners. Encourage others to accept and capitalize on diversity.

Lead By Example

Demonstrate an entrepreneurial spirit that supports our culture and vision. Take full advantage of our empowerment philosophy by offering suggestions, making decisions and taking responsibility for actions. Stand up for your convictions and vocalize your opinions.

Listen and Respond

Listen to internal and external customers (fans, grantees, players, associates, vendors, partners) to understand what they need. View customer needs as golden opportunities that, when creatively addressed, will enhance our competitive edge and the environment in which we all work and professionally grow. Dedicate the needed resources, time and energy to creating lasting value for all customers.

Innovate Continuously

Constantly seek new ways to improve results and move above and beyond what seems possible. Demonstrate non-stop reinvention. Do not let unnecessary bureaucracy kill innovation. Implement high quality, new processes, products, services, or solutions that meet or exceed the needs and expectation of our customers.

Give Back to Others

Recognize that the well-being of business cannot be separated from the well-being of society. Join in our ongoing efforts to give back through time, talents, labor and financial commitment.

There's no dollar signs attached to any of these values. They all have to do with human behavior, human relationships, and how we serve our business, our customers.

Arthur M. Blank

"Ultimately, our ability to create value – for our businesses, our customers, our associates and the communities we serve – depends on our values. More important than our financial success is the way we achieve it: by embracing and living our values, and by using them to drive decision-making in all of our businesses."

III. Environmental Impact

How is your venture impacting the environment?

If the question is not applicable to your business, write "Not applicable."

1. How is your product made?

- ☐ The product is made from natural/raw materials (e.g., wood, cotton, metal) with minimal or limited processing.
- ☐ The product uses synthetic/man-made materials (e.g., plastics, polymers) that undergo extensive chemical or mechanical processes.
- ☐ The product combines natural and synthetic materials and involves minimal and complex processing techniques.
- ☐ The product is made using recycled or upcycled materials with a focus on sustainable and environmentally friendly practices.
- ☐ Other:

2. In the case of packaged goods, what type of packaging do you use?

- ☐ Single-use/Disposable (e.g., any non-rigid plastic)
- ☐ Recyclable/Compostable
- ☐ Mixed Single-use/recyclable
- ☐ No Packaging
- ☐ Not Applicable

3. How did you determine which type of packaging to use?

4. What do you know about your supplier's environmental impact? Do they claim to:

- ☐ Have environmental credentials (e.g. Climate Neutral Certified, FSC Certified)
- ☐ Use energy-efficient manufacturing processes or renewable energy sources (e.g., solar, wind)
- ☐ Reduce water usage or incorporate water recycling practices into their manufacturing
- ☐ Comply with environmental certifications (e.g., ENERGY STAR, LEED)
- ☐ Actively minimize waste generated during the production of the product
- ☐ Design products as part of a circular economy model (e.g., it can be reused, refurbished, or recycled)

5. Where is your supplier located?

- ☐ Local (within Massachusetts, typically)
- ☐ Regional (within the Northeast U.S., typically)
- ☐ National (within the U.S., typically)
- ☐ Offshore (outside the U.S., typically)
- ☐ Not Applicable

6. How is your product disposed of (a.k.a., the “end of life”)?

- ☐ It can be recycled through regular recycling channels.
- ☐ It can naturally decompose or be composted without causing harm to the environment.
- ☐ It ends up in landfills with few or no recycling choices.
- ☐ It needs disposal methods like hazardous waste facilities or e-waste recycling.
- ☐ Other:

7. How else is your venture thinking about its environmental impact?

IV. Social Impact

How is your venture impacting social issues, whether local or global?

If the question is not applicable to your business, write "Not applicable."

1. Who have you identified as your key stakeholders? List up to five.

Stakeholder	How does your venture address their needs or issues? How do you know?
1.	
2.	
3.	
4.	
5.	

2. What do you know about your supplier's social impact? Do they claim to:

- ☐ Have social impact credentials (e.g. B Corp, Fair Trade)
- ☐ Use no involuntary or child labor
- ☐ Pay fair wages/income with a safe working environment

3. Did you consider any of the following factors in your choice of supplier?

- ☐ Local supplier
- ☐ Nonlocal supplier, but based in a community you're trying to impact
- ☐ Women-owned and/or minority-owned supplier
- ☐ Small business or micro-entrepreneur supplier

4. How did you choose the organization that will benefit from your FME proceeds?

5. Does your venture give back to the community, beyond your philanthropic efforts (e.g. community service).

The Practice of Empathy

Heidi Neck, PhD, the Jeffry Timmons Professor of Entrepreneurial Studies at Babson College, wrote this *Forbes* article published more than a decade ago. It's still relevant today.

You know how your best friend feels when her dog dies, because you have been through a similar experience. A nutritionist understands the emotional struggle felt by her patient trying to lose weight because the nutritionist lost 100 pounds before becoming a nutritionist. An anthropologist lives in the jungle among the apes and begins to develop a deep understanding for how they live, eat, and love. A budding entrepreneur interested in food distribution spends hours observing how people shop in various types of grocery stores.

These are all examples of empathy — “a social and emotional skill that helps us feel and understand the emotion, circumstances, intentions, thoughts, and needs of others, such that we can offer sensitive, perceptive, and appropriate communications and support.” The concept of empathy originated in art to describe the artist that is unable to separate himself from objects portrayed in his art. Today we know that empathy can be developed over time because it increases with familiarity, similarity, past experience, and salience. In other words empathy needs to be practiced in order to develop the capability to a higher order.

Entrepreneurs must develop their practice of empathy in order to connect with stakeholders in more meaningful and authentic ways to identify unmet needs — the antecedent of new products, services, and organizations.

The role of empathy has been popularized in human-centered design where desirability (what do people need?) is the starting point rather than feasibility (can it be done?) or viability (can we make money doing it?). Feasibility and viability tend to be the popular starting points in business schools.

Entrepreneurs need to hone their skills that allow them to connect deeply with customers, employees, and other stakeholders because engaging in entrepreneurial activity is an exercise in human agency. Empathic entrepreneurship supports the notion that entrepreneurship serves a far greater purpose in the world than what some would lead us to believe. In the words of the late, great Jeff Timmons:

“[Entrepreneurship] is not just about new companies, capital, and job formation, nor innovation, nor creativity, nor breakthroughs. It is also about fostering an ingenious human spirit and improving humankind.”

V. Reflection

What did you learn?

Respond to at least one of the following questions.

1. How did you balance your profitability goals with your commitment to positively impact the community and environment?
2. What one thing would you have done differently if you had more time or opportunity?
3. What does it mean to lead a "good business"?

Quiet Press

FME 2023–2024



In their words...

Quiet Press is a seed paper origami kit that promotes a creative method of gardening. Founded on the idea that growth is beautiful, we wanted to embrace the beauty of our world while being good to our environment.

Our mission is to facilitate meaningful connections with nature and loved ones while giving back to the environment.

We give back to the community through organizational outreach, connecting with local gardening groups and businesses to promote a sense of sustainable wellbeing, adding calm crafting and flowers to the Wellesley area and beyond.

The Good Business Index process has been enlightening for the team, prompting reflection and social responsibility within our operations. We found the overall process relatively simple to follow and being able to maintain contact with a Sustainability Intern was particularly helpful. Additionally, it encouraged us to consider every aspect of our business through the lens of sustainability and social impact, leading to improvements across the board.

The first Sustainable Development Goal we are focusing on is SDG 12, responsible consumption and production. This is crucial to focus on because it elevates sustainable commercial decisions into the mainstream, as the entire world needs to shift towards eco-friendly practices and integrated sustainability.



Resources

Resource Notes

1. View more Business Model Canvas examples: garyfox.co/business-model-canvas-examples/
2. Learn more about the UN Sustainable Development Goals (SDGs) by going to sdgs.un.org/goals and globalgoals.org/goals/
3. Read Futerra's Greenwash Guide for 6 easy steps that companies can take to avoid purpose-washing: wearefuterra.com/thinks/the-greenwash-guide

Further Resources at Babson

The Arthur M. Blank School for Entrepreneurship and its six centers and institutes offer numerous opportunities and resources for aspiring entrepreneurial leaders looking to create economic and social value simultaneously. babson.edu/blankschool

Other Resources Beyond Babson

Meaningful Business is a global community of leaders combining profit and purpose to help achieve the UN Sustainable Development Goals. meaningful.business

Certified B Corporations meet one of the highest standards of verified social and environmental performance, transparency, and accountability. Some of their best practices might make a perfect starting point for your good business journey. bcorporation.net

The Global Reporting Initiative (GRI) provides the most commonly used set of standards for sustainable reporting. No matter which sustainability topic you are interested in, you can be sure they have a related standard. globalreporting.org

Harvard Business Review continues to publish articles on the topic of social enterprise. hbr.org/topic/subject/social-enterprise

Grist is a leading nonprofit, independent media organization reporting on climate solutions and climate justice. grist.org

Solutions Journalism Network has a curated database of rigorous reporting about how people are trying to solve problems and what we can learn from their successes and failures. storytracker.solutionsjournalism.org

Books

Good Company by Arthur Blank

Creating Social Value by Cheryl Kiser, Deborah Leipziger, and Janelle Shubert

How to Change the World by David Bornstein

Net Positive by Paul Polman

Drawdown edited by Paul Hawken

A World of Three Zeros by Muhammad Yunus