Sustainability for People, Planet and Profits

Profitability and return on investment are not the only measures of success for today's enterprises. Simply balancing the cost of doing business against revenue boils success down to a single metric that leaves out other key components of a contemporary organization’s balance sheet.

Considering social and environmental responsibility in bottom-line calculations is a more holistic way to measure an enterprise’s impact locally and globally. Actions that are viewed as socially responsible generate public good will, enhance image and reputation, attract talented employees, and provide competitive advantage, all of which are essential to long-term success of the enterprise.

The United Nations introduced the framework for socially responsible organizations in 1986 with “Declaration on the Right to Development at 25.” These guidelines advocate the development of all people to “… determine their political status and to pursue their economic, social and cultural development.” The guidelines also promote greater awareness of environmental impact, along with the free participation in business and fair and meaningful distribution of the proceeds.


What is the Triple Bottom Line?

Triple bottom line refers to the last line on a balance sheet that measures profit or loss. Sustainability, when referring to TBL, describes an organization that respects the needs of others (community, general public, employees) along with its own, which results in strengthened relationships between the enterprise and its stakeholders.

The TBL measures three areas of impact:

- **People**: Measures a company’s social responsibility, both in the workplace and community. TBL enterprises may establish initiatives to assist underprivileged people in their community through developmental programs or other economic assistance; or help their own staff enhance new career, life, or wellness skills, or they may decide to boycott vendors abroad that rely on child labor. The people goals are interdependent with the goals of the enterprise.

- **Planet**: Establishes business practices that reduce an enterprise’s environmental footprint. This can include employing production processes to reduce waste, using recycled materials whenever possible, or educating staff on the importance of recycling and hiring recycling services for corporate offices.

- **Profits**: Refers to traditional cost accounting reporting.

Elkington’s triple bottom line has changed the way companies manage operations and measure effectiveness. Organizations of all types — publically traded, privately held, health care organizations and nonprofits — that seek to establish sustainability, now understand the benefits to economic, environmental and social aspects.
Who is Responsible for the Triple Bottom Line?

TBL requires company-wide adoption to be successful. However, specific employees may have more direct involvement in establishing the specific goals, measurements, and steps to achieve sustainability.

Executives and company directors establish organizational goals, suggest benchmarks to measure TBL success, and determine how profits will balance with people and the planet. As such, these leaders may ask themselves the following questions:

- Should profits, people, and planet be weighted equally, or should the pursuit of profits be the enterprise’s highest priority?
- Should leaders only consider people and planet initiatives that support profitable initiatives?

TBL is a cost-accounting measure, so CFOs, controllers and accounting directors are responsible for tracking measurements and reporting results. Because the planet and people aspects of TBL may not fall within traditional cost-accounting measures, accountants may have to use another measurement for success, such as the percentage of individual, company or community acceptance.

Departments that can most affect sustainability must assess their responsibilities, determine which actions impact TBL, and brainstorm about how improving operations can optimize TBL results. These activities may include:

- Manufacturing
- Facilities
- Community outreach
- Engineering
- Purchasing

Long-term sustainability requires that each employee be as invested in social outcomes as profitability, which means they must understand TBL and how they can contribute to sustainability goals.

Employing the Triple Bottom Line

After determining overall goals and level of involvement, a closed-loop management system model can help teams implement the pillars of the TBL throughout the organization by decreasing the exchange of resources with the outside world. Using this model can assist with building initiatives focused on goals, and supports feedback across many business units during development and beyond implementation.
To begin employing the TBL, follow these five phases of the closed-loop system:

1. **Establishment of goals**: In addition to initial deliberations about goals, implementation teams identify internal resources and tools that can be used to support TBL initiatives. This phase involves creation of a mission statement and code of ethics. The teams may choose to perform a SWOT analysis to identify internal strengths, weaknesses, opportunities, and threats that can affect TBL implementation.

2. **Strategy development**: During this phase, leaders and stakeholders identify the objectives of each pillar, identify the departments that will be directly involved in advancing TBL initiatives, and establish key performance indicators as they shape the initiatives for the enterprise. The team may use flow charts to identify how the procedures work within and between business units.

3. **Implementation**: Apply strategy to operations and identify additional procedures to ensure quality management and process improvement, as well as the steps to achieve the goals established for the business units and enterprise.

4. **Monitoring**: As soon as implementation begins, managers closely monitor each step to evaluate the outcomes from the new procedures and how they affect the business and staff.

5. **Optimization**: Establish processes to evaluate and improve outcomes.

What are the benefits of using such a model? Closed-loop systems can expose procedural shortcomings early in the process of implementing TBL. This allows for quick corrections to be made during the early phases of the strategy.
Incorporating Triple Bottom Line into a Company Mission Statement

A mission statement that effectively supports the triple bottom line sets the objectives and purpose for the entire organization. The mission statement should align with the established corporate culture by clearly and concisely communicating each of the three pillars. Further, the mission statement should reinforce the foundation of social responsibility and environmental support for the enterprise and serve as a guideline for future action and decision-making.

Steps for developing an effective mission statement that supports the TBL may include:

1. Establish goals for each pillar of the TBL (people, planet and profits).
2. Describe how the enterprise reaches each goal.
3. Explain who benefits when goals are reached, including those outside of the organization, employees and the organization itself.
4. Clarify the interdependency of each of the pillars and how the sustainability of people, planet, and profits contributes to the vitality of the organization, staff, and local and global communities.

Sustainability and Operational Considerations

Sustainability addresses diverse business concerns, including the environment, staff, consumer protection, and business behaviors that can affect a number of social issues. It also follows that developing processes that weave the interests of people, planet, and profits into initiatives takes time, effort, and resources.

When considering the implementation of sustainability processes, some key factors that leaders should weigh include the following:

- **Resource availability, projected effort, and return on investment to inform an enterprise’s level of involvement.** Traditional business analysis is valuable, but leaders should also consider the value of a healthy community and sustainable environmental resources in determining specific actions.

- **Actions that fulfill the social justice arm of TBL.** If an enterprise treats employees fairly and provides reasonable wages, advancement, educational opportunities and benefits, will those fulfill the people dimension of TBL? Or, is community outreach on local, national, or global levels necessary?

- **Whether preference should be given to vendors who’ve adopted TBL sustainability.** Should companies choose to do business with vendors who conduct business in a way that’s contrary to TBL values? If they only choose companies that embrace similar values, how will it impact costs?
Corporate Social Responsibility (CSR) and Employee Enrichment

Corporate social responsibility in a TBL enterprise refers to a company’s obligations to the public; it is a self-regulating endeavor that measures the positive impact its social and environmental initiatives have on people and the planet.

TBL organizations employ mission statements that place importance on social responsibility to people and our planet. While the benefits to social groups outside of the business are emphasized, sustainability applies equal importance to the benefits enjoyed by the enterprise and its employees. In fact, employee enrichment is vital for organizations interested in sustainability. The organization must commit to enforcing its mission both internally and externally.

How can an organization place high importance on employee enrichment? Recognition programs, in-house education and tuition assistance, as well as opportunities to advance all promote employee loyalty and longevity, reducing the chances that employees will depart. In addition, the belief that their employer embraces social values and is working toward the greater good reinforces positive feelings about the employer, workplace, and themselves. These sentiments can result in greater dedication and productivity.

Corporate Social Responsibility to Communities

Some TBL organizations may decide that internal social responsibility and employee enrichment fulfill the people pillar, but for others, the community at large is an important component. For these enterprises, employing corporate social responsibility in the form of community outreach is a must. And with the impact of social media and the Internet in general, the community at large often means the global community.

For those companies looking to implement an impactful CSR program, it is important to remember that CSR doesn't just serve the needs of the community. In fact, successful TBL organizations have recognized that employing corporate social responsibility not only benefits global communities, it also benefits the organization's stakeholders (creditors, vendors, suppliers, employees, and anyone with a “stake” in the company’s success).

In his article “Why CSR? The Benefits of Corporate Social Responsibility Will Move You To Act,” Devin Thorpe, Forbes contributor, relays his conversations with several executives who explained how their respective companies have benefitted both themselves and their global stakeholders through various forms of community outreach.

Several extremely successful global enterprises, such as Amazon and TOMS, have employed well-known CSR initiatives that have helped not only their global stakeholders but also their own profits. Programs such as these focus on donating money and goods to those in need, but that's not the only way to give back.
Thorpe spoke with John G. Taft of RBC Wealth Management, a personal wealth management firm that has employed the RBC Blue Water Project for the last 10 years. This program not only pledges millions of dollars per year to help protect water around the world, it encourages RBC employees to get involved through RBC Blue Water Makeovers.

**Transforming an Organization with TBL**

Sustainability has become a principle of fundamentally smart management because it considers the social, economic and environmental impacts of business decisions to maintain the long-term health of the enterprise.

Leaders who want to persuade executives to adopt the TBL system and sustainability should emphasize that today’s organization is responsible to a larger community. In addition to the return on investment that comes from contributing to people and the planet, engaging in corporate social responsibility may be paid back to the enterprise in different ways, such as:

- Promoting a greater connection to all enterprise stakeholders, inside and outside the organization through the sustainability model.
- Sourcing new vendors to fulfill the planet initiative can lead to preserving natural resources, and may even lead to cost savings.
- Social goodwill can lead to greater public recognition and new revenue.

- Employee satisfaction can be higher with sustainable organizations, which can result in greater motivation and loyalty.

Ultimately, making the decision to become a sustainable organization provides a method to measure an enterprise’s influence on people, planet and profits, identifying its true impact on local and global community.
The University of Scranton Online MBA Program

The University of Scranton’s online Master of Business Administration programs prepares leaders to guide their organizations into a more socially conscious and ethical world. While countless MBA programs focus solely on the application of business practices, Scranton provides a refreshing addition to business education through the integration of the Jesuit belief in social justice and environmental responsibility.

Scranton's online MBA program provides students with the opportunity to examine the issues necessary to implement a sustainable model for enterprises of all types, including private, publicly traded, health care, non-profit and more.

Students enrolled in the online MBA program become a part of Scranton's community through several means of connectivity:

- **Weekly Class Forum Discussions:** Through required weekly discussion forum participation, students have the opportunity to network with other change-leaders and solve business problems with fellow students. These discussions encourage collaboration on ideas presented during class sessions and create a classroom-like experience for students to discuss how business principles apply to their own real world experiences.

- **Instructor Interaction:** Students seeking individual attention or feedback from instructors will find engaged faculty members available through phone, e-mail, discussion forums, and more.

- **Student Lounge:** Looking for a place to network with other online students, ask questions, find helpful resources that other students have used, or just make a few friends? The Student Lounge discussion forum can help!

- **Personal Support Center:** Students who have questions about the online environment or are experiencing technical difficulties can find help in the Personal Support Center, available 24/7.

Would you like to learn more about the principles of TBL, sustainability, social justice, environmental responsibility and how they contribute to a successful enterprise? Consider the online MBA program at the University of Scranton.

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