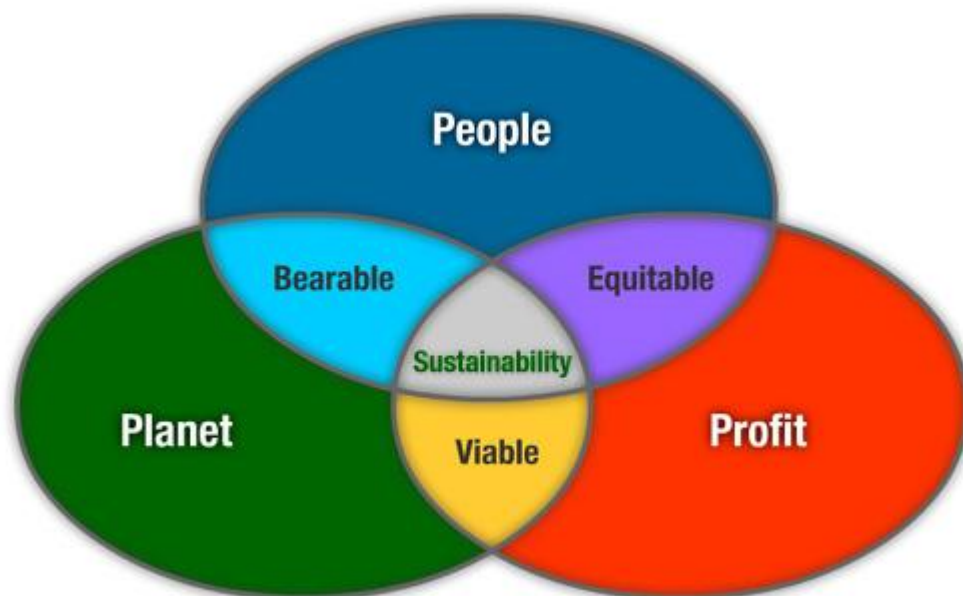


What is the "Triple Bottom Line" and how can you apply it to your Business?

Definition: Triple bottom line accounting is when an organization expands their traditional reporting framework beyond simple financial performance, to also include their ecological and social performance. To be a Triple-Bottom Line enterprise, you must account for and manage all three dimensions – People, Planet, and Profit.¹



At TriLibrium, we believe there is a synergistic sweet spot between these three bottom-lines where every organization can create “win/win/win” results. The old paradigm pitted these three bottom lines against each other with the false belief that doing good things for your people or the environment would result in less profit. The Triple-Bottom Line (TBL) organization works to dispel that myth. The long-term success of any business depends on beneficial relationships and a healthy environment.

Every business has a financial reporting system to capture data and report the results of operations and the financial condition of the business. Similarly, in a TBL organization, systems need to be created in order to capture data to report on the human and environmental results and condition of your business. Cost/benefit analysis is required to determine what data to gather and then how to analyze and communicate the findings.

The accounting system is the nervous system of every organization as it provides the information and feedback to allow a company to assess itself. A TBL accounting system simply improves the reporting and helps create a strategic framework for long-term success.

Triple-Bottom Line Accounting

The most successful TBL companies have found you get the best results by engaging the whole system in this effort. The whole system starts with your vendors and employees and ends with your customers. Your business can become more sustainable by doing the following:

1. **Engage employees, customers and suppliers in dialogue around sustainability. Ask open-ended questions. Where are the opportunities for inputs, outputs, & waste? Where are the challenges?**
2. **Understand and measure the social/human impact of your business. (Ex. How many miles do your employees bike/ walk commute? How does this affect their productivity?)**
3. **Define your organization's sustainability focus (or scope). (Ex. Do you include employee commutes in your accounting systems?)**
4. **Quantify benchmarks using metrics & indicators that reflect your organization's mission. (Ex. How many pounds of Carbon Dioxide has your business saved by biking to/from work this year?)**
5. **Set-up systems to account for and report on your Greenhouse Gas (GHG) emissions.**
6. **Measure, Reduce, Offset, and Celebrate. Repeat cyclically.**
7. **Set-up systems for sustainability reporting. (Ex. Track bicycle/ walking mileage in monthly log for each employee.)**
8. **Uncover hidden environmental/social costs & benefits.**
9. **Analyze various footprints: energy, water, carbon, solid waste, fuel, packaging, etc.**

Taking these steps and embracing the TBL will make you more attractive to customers, employees, and investors. There is a growing population that evaluates their purchasing and investment decisions based on the criteria embedded in the TBL. The TBL system will help you capture and communicate this information.

For instance, traditional financial computations like Return on Investment don't capture the social benefit contributions sustainable companies provide. The SROI (Social Return on Investment) calculation is one approach to demonstrate value creation beyond traditional measures.ⁱⁱ

Your company could perform the following steps to attract socially-minded investors:

- **Ensure your organization's budget includes your organization's sustainability initiatives.**
- **Investigate and align with the mission of your investors/ grantors and their metrics. What do they value?**
- **Define environmental and social impacts of your company's operations**
 - **How will the socially-responsible investor evaluate their return?**
- **Mesh investor, customer, employee, and stakeholder perspectives into sustainability initiatives.**
- **Measure the outputs, outcomes, and impacts of the investment.**

Call us if we can be of assistance.

ⁱ Elkington, J. (1997) *Cannibals with Forks: The Triple Bottom Line of 21st Century Business* (Oxfords: Capstone Publishing)

ⁱⁱ <http://sroi.london.edu/>