



FEATURES

[Home](#) | [Features](#) | [bottom line](#)

Triple bottom line counts more than just money

People, planet and profit all important when accounting for business health



Rick Dubrow of A-1 Builders analyzes his business's environmental and human sustainability when measuring his business health, including its use of fossil fuels, production of pollution, harvesting of natural resources, and ability to meet human needs.

Heidi Schiller

Instead of only considering profit when thinking about a business's bottom line, imagine taking into account its impact on people and the environment, too.

Many local business owners have stopped imagining and started practicing this idea.

It's a concept known as triple bottom line that Cathy Lehman, sustainable business practices and events manager for Sustainable Connections, describes as a form of management that takes into account the impact of a business's activities on people, planet and profit. The people component is also known as human capital and the planet component as natural capital, she said.

John Elkington first coined the idea in his 1997 book, *Cannibals With Forks: The Triple Bottom Line of 21st Century Business*, which examined whether capitalism was sustainable. The concept has since gained traction among environmentally and socially minded entrepreneurs.

Dan Warner, a Western Washington University accounting professor, teaches the triple bottom line concept in his business ethics class. The idea has gained credence in the last decade because people are increasingly realizing there is more to life than money, he said.

"It's becoming recognized that the single focus on money is not reflecting the true needs of humans," he said.

The concept collapses the stakeholder theory — which originated in the '70s and examines a business's influence on owners, employees, customers, suppliers, community, future generations and the environment — into the three condensed elements of people, planet and profit.

For the most part, the idea is used as a broad conceptual framework, but Warner said elements of triple bottom line can be measured. For example, a firm could measure how much it pollutes the environment, the difference between the salary of a chief officer and an employee, and its reduction in resource consumption.

People, Planet, Profit

Considering a business's impact on people includes considering employees' happiness and quality of life, Lehman said. Employers could increase this bottom line by offering employees health benefits, a living wage, flexible scheduling, job sharing or providing open-book management.

Besides its concern with employees, the concept also includes considering a business's impact on people in the community, which can be addressed by donating money to nonprofits, participating in fundraisers or serving on boards.

The planet component involves examining a business's environmental sustainability. Businesses could purchase green power, reduce waste systems or volunteer time to do conservation work in order to address this element, she said.

The last tenet — profit — is of fundamental importance, Lehman said.

"The first piece of having a sustainable business is having a business," she said.

For many proprietors, sustainability is a journey, and owners are theoretically located somewhere on the path of that journey. The goal is to move forward toward sustainability while still making a profit, and the upshot is that many of the triple bottom line practices actually increase a business's profitability, she said.

"A lot of businesses are saving a ton of money, especially in waste-stream management," she said.

Also, working in a sustainable environment and having benefits increases employee productivity and decreases turnover, both of which can increase profit, she said.

"What is interesting is when people become more and more committed to these things, they find it is impacting their bottom line in a positive way," she said.

Triple bottom line in practice

For Rick Dubrow, who has owned A-1 Builders since 1976, the hardest things to measure are

the most important to consider.

While the single bottom line mentality is attractive because it's easy to measure and is critical and necessary for a business to exist successfully, Dubrow said he has included triple bottom line management into his company's mission statement because he feels it is his responsibility to do so.

"In business, you're taught to do whatever you want if you can meet that single bottom line, as long as there's no law against it," he said. "For me, that is suicide economy."

As part of his triple bottom line management, Dubrow uses another concept called "the natural step," which measures his business's environmental and human sustainability by providing four answerable questions. The four questions include measuring his business's level of sustainability regarding extracting fossil fuels and minerals from the earth, producing pollution, harvesting natural resources, and meeting human needs.

In practice, Dubrow uses higher-cost, sustainably harvested wood for homebuilding, while also using an advanced-framing building model, which uses less wood. He has also decreased his waste stream with a practice called high grading, where he sorts through building debris and reuses material when he can. This reduced Dubrow's dump runs by 80 percent, he said.

Last year, Dubrow organized the staff at A-1 Builders to volunteer time to build a 22-spot bicycle port for the Community Food Co-op, and he also sponsors local fundraisers and conferences.

Steve Roguski, co-owner of Fairhaven Runners & Walkers, also incorporates triple bottom line management into his business model.

"I do it on more of a gut-feeling level," he said.

Although Roguski was introduced to the concept when he joined Sustainable Connections in 2003, he quickly realized he had been using it in practice since he opened the business in 1999.

"It just felt instinctive to me," he said. "I wanted to do business in a way that feels right."

He said his sustainable efforts include staying in a small, energy-efficient space even though he has grown in the last few years and could easily expand. The business also sponsors the Chuckanut Foot Race and Fairhaven Runners Waterfront 15K race and supports other local races.

He also gives his staff a 25-cent-per-hour incentive for taking alternative transportation to work and provides many of his employees with health benefits and a retirement plan, as well as flexible hours and discounts on gear.

Making it work

These businesses are continuing to see profits, despite extra costs associated with people and planet considerations.

For Roguski, investing in his employees has paid off.

"It definitely costs more to do business this way, but I'm sure our growth revenue in the business is greater as a result. Our employees love their jobs, and we wouldn't be able to have great folks like that if we didn't try to work hard and support them," he said. "I just have always figured, you know how people say the customer comes first? I say employees come first so that customers come first, because my employees care. That's just part of completing the circle."

Dubrow said he gains added business from customers who admire what he's doing, despite the added costs of being a sustainable builder.

"And I can sleep better at night and know I'm doing the right thing," he said.

Lehman said she envisions the concept becoming more and more popular as business owners realize how feasible it is.

"It's an exciting time to be a part of this, because business offers such an important need in communities, and business owners are going to be what save us by creating new products and systems geared toward sustainability," she said. "Our business community here in Whatcom County is really leading the way."