

# Triple Bottom Line



By Barbara Wichmann

**A**s we close out the first quarter of 2017, I feel inspired by the continued increase in sustainability trends and initiatives that I see among small business and corporations alike. The acceptance and push for clean-energy policies, combined with sustainable partnerships and investments of all sizes, are truly noteworthy and very encouraging. No matter how large or small a company, leveraging and promoting more sustainable operations provides notable returns.

The “triple bottom line” – a phrase conceived in the mid-1990s by a British sustainability consultancy founder **John Elkington** – refers to the three aspects a socially responsible company should address: *people*, *planet*, and *profit*. *People* includes the company’s involvement in the local community, the health and safety of its workers, the education and training it provides, and diversity in its workforce. *Planet* is its environmental impact, including resources consumed, water and energy used, and the greenhouse gases it emits. *Profit* is of course the traditional money-making aspect of any enterprise.

Emphasizing this triple bottom line makes companies more efficient, competitive and innovative which all lead to higher profits in the long term. **PricewaterhouseCoopers** found that companies who report on their sustainability efforts enjoy a higher return on assets than companies who don’t. In addition, there is a large body of research that sustainable buildings and offices have significant positive impacts on health, wellbeing, and productivity of staff. Employees, especially Millennials, want to work for companies that be-

have ethically and are making a difference in the world. Employees whose companies value triple bottom line calculations will have a stronger relationship with their employers and feel greater loyalty.

Let’s review some of these triple bottom line and sustainability trends then see how we can apply those lessons to small and minority business enterprises.

## Trends in Sustainability for 2017

**Corporate social responsibility (CSR)** has officially entered the mainstream, and is essentially another name for “triple bottom line.” In the not too distant past, sustainability in businesses meant cutting out the use of Styrofoam cups or adding a recycling bin to the kitchen. Today defining, monitoring, and managing sustainability is an ongoing effort in corporations around the world. As more and more companies are **investing in clean energy** to power their operations, prices for renewable energy—especially wind and solar—are becoming more cost-effective throughout the country.

## SUSTAINABILITY

**Kraft Heinz** is working to minimize energy and water consumption and implement efficiency measures in their 86 company-owned manufacturing plants. This effort comes as a small part of Kraft Heinz' new CSR goals for 2017. Their goals also include a \$1 billion donation target by 2021 for programs that aim to eliminate global hunger; procuring palm oil in an ethical, transparent, and sustainable manner (a hot button topic in the food processing industry); and reducing greenhouse gas emissions, energy/water use, and waste by 15 percent globally by 2020.

Sustainability partnerships are thriving. GreenBiz reports that retailers are joining the **Sustainability Apparel Coalition**, the **Closed Loop Fund**, and the **Sustainability Consortium** to drive specific efforts within each company to attain real, practical sustainability goals. Companies are also looking at supply chain sustainability. To accomplish true conservation, businesses are looking beyond their own four walls.

**PepsiCo's** Sustainable Farming Initiative is a great example of successfully achieving supply chain sustainability goals, while also ensuring safe water access to at-risk communities worldwide. In 2015, PepsiCo reduced its operational water use by 26 percent from baseline and aided 9 million people with safe access to clean water—exceeding their initial target of 6 million people.

Transparency and marketing are playing larger roles too. A shift in behavior shows that increasing numbers of consumers want their products to be sustainably sourced, packaged and sold. Studies continue to note that businesses that report on sustainability enjoy greater customer satisfaction. Corporate social responsibility matters and consumers value verifiable initiatives that benefit all involved – the producers, the customers, and the business. Both customer and employee loyalty are directly impacted by

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this reporting. As a result, we expect to see more processes developed that facilitate the tracking and sharing of companies' sustainability stories.

This trend is also on the cusp of becoming a larger value-backed movement as Millennials become a larger part of the U.S. economy. A recent Forbes article outlines this trend. Millennials are looking for companies that put their values first and are upfront about them. Those values are specifically active involvement in the betterment of society, and to be open and honest about business practices. To drive this point home, the Haas

School of Business points out that “Millennials strongly favor businesses with transparency and a clear commitment to give back to society.” This demonstrates the shift in market perceptions more than ever, and companies both large and small can benefit from transparent marketing efforts.

### **Increasing Sustainability Practices in Small Businesses**

Owning a small business may mean that you can't implement all the measures taken by large corporations, but you still have many great options available. Choosing to improve your small business's sustainability means you'll gain greater efficiency, reduce waste, cut costs, enjoy greater profits, and maintain the competitiveness of your business. Real sustainability measures can mean good PR for small businesses and can attract both clients and employees who are passionate about companies that espouse values similar to their own.

At **ARTÉMIA**, we've found sustainability to be an evergreen (pardon the pun) source of inspiration and opportunity. From blogs to business development, we have leveraged our environmental values and goals in numerous ways to benefit both our company and our clients. Here are a few ideas from us on how your small business can implement sustainability measures:

- Look within. Examine your company's current sustainability efforts and waste, find

weak points, and have open conversations with employees and clients about ways to improve.

- Set goals. Formalize your commitment to more sustainable operations by setting goals, documenting them, determining how to meet the goals, getting employee buy-in, and setting timeframes and reporting requirements. Make sure to regularly review your progress too.
- Scale down big ideas. For example, you may not be able to donate the billions of dollars PepsiCo committed to charity, but you can donate time and smaller amounts to local sustainability efforts. To reduce waste, commit to no longer printing out copies of presentations for meetings, participate in e-waste recycling program (many of which are offered locally and free), use biodegradable soap and eco-friendly cleaning products, recycle printer ink and toner cartridges, and install motion detector lights in rooms that aren't used often.
- Build partnerships. Collaborate with sustainability experts and groups to increase your company's resources and gain knowledge in sustainability practices.
- Transparency. Think about how you can disclose what your company is doing to offset the negative impact its operations have on the environment. Effective communication can increase your credibility and show your commitment. Give your clients current information on what you're doing and provide the opportunity for dialogue.

- Activate social media. Social media is a powerful tool, and can be used to demonstrate your sustainability efforts and to encourage dialogue with your clients, partners and prospects.

Small businesses should also seriously consider becoming certified as green businesses. Green business certification allows smaller businesses

to set meaningful, concrete goals and move towards those goals while leveraging the resources of larger organizations. Many local certification programs will provide support and walk you through the process of becoming more sustainable. Getting certified also acts as proof to your clients that you are invested in sustainability.

At ARTÉMIA, we chose to become ISO 14001 certified as well as have our headquarters licensed as a San Francisco Green Business. To do this, we went through a rigorous exercise in which the city sent officials to our offices to check light bulbs, inspect the paper we use, and measure water and energy usage. The certification process was invaluable for us, as it allowed us to accurately assess our current state, showed us areas for improvement, and helped us to define and work towards our sustainability goals.

What are you doing to make the world a better place? As companies and leaders in this country, we have the chance to make real improvements for our clients, our employees, our environment, and future generations. Join ARTÉMIA and countless other green businesses as we move together towards a more sustainable future. ◆

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**THROUGHOUT THE U.S., THERE ARE MANY SIMILAR PROGRAMS, BOTH PUBLIC AND PRIVATE, THAT PROVIDE CERTIFICATIONS TO SMALL BUSINESSES:**

- Institute for Green Business Certification—<http://www.gbcertified.com/>
- California Green Business Program—<http://greenbusinessca.org/>
- Montgomery County Green Business Certification Program, Maryland—<http://www.mcgreenbiz.org/>
- Illinois Green Business Association—<http://www.illinoisgba.org/>
- Austin Green Business Leaders—<http://www.austintexas.gov/department/austin-green-business-leaders>
- Manhattan Chamber of Commerce—[http://www.manhattanc.org/Committee\\_Guide/Green.aspx](http://www.manhattanc.org/Committee_Guide/Green.aspx)