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### Sustainability through Profitability: The Triple Bottom Line

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## Sustainability through Profitability: The Triple Bottom Line

Today's highly competitive, globalized world requires organizations and businesses to think differently about how they are going to stay in business. Businesses can no longer afford to focus on profits as their sole purpose for existence. Organizations must instead think about the "Triple Bottom Line" and its implications for their ability to grow their brand, customer loyalty and profits.

The three components of the Triple Bottom Line are people and community (social responsibility), planet (environmental sustainability) and profit (the bottom line). Successful 21<sup>st</sup> Century organizations must consider how they are going to actively engage in each of the Triple Bottom Line components, and this requires many organizations to adopt a more innovative approach to business while constantly communicating with current and potential customers. Why should any of us care about incorporating a Triple Bottom Line approach to business? Consumer demands combined with the world's rising population, unstable economic situation and environmental struggles have created a new global climate that no organization can afford to ignore.

It is important for any organization, whether large, small, profit or non-profit, to develop strong relationships with their customers in an effort to build brand loyalty. Relationship building is no easy task. It requires a commitment to communication and detail. The information age has enabled consumers. They can research companies and decide which businesses they are going to (or not going to) support.

How should a business build its competitive advantage? They must "rethink" their business strategies. Considering the bottom line is important; however, organizations cannot ignore the importance of society and environment when implementing business strategies, building brands and focusing on customer relationships.

Times are tight for most consumers, and they have become very conscious about spending their money. Research shows that consumers want to spend their money on products and services that they need, and they want their purchases to make a difference.

Consumers are becoming more aware of environmental issues and want to spend their money on more eco-friendly products and services. This trend makes the environmental sustainability aspect of the Triple Bottom Line an important issue for organizations to address.

Social responsibility has also become an important issue for consumers. Again, they want to "invest" their money into companies that are giving back to individuals and communities.

The Triple Bottom Line is not an easy thing to incorporate into an existing business. Many times, it requires a fundamental organizational change as well as a plan for continuous innovation. Translation: individuals within the organization have to change the way they typically think and behave. We all know how difficult

change can be. Have you ever tried to lose weight or break a bad habit? Now, imagine this multiplied by everyone working in the organization. Entrepreneurial leadership and innovation must also become part of the organization's paradigm if Triple Bottom Line approaches are going to be sustainable.

True change is built over time, fits the organizational culture and leads to some type of return on investment. This approach to business is demonstrated in Esty & Winston's (2006) book, *Green to Gold: How Smart Companies use Environmental Strategy to Innovate, Create Value, and Build Competitive Advantage*:

“The capacity for innovation-bringing imagination to bear to solve problems and respond to human needs-lies at the heart of success. Companies must find new ways to break out of the pack. Those that don't will struggle to keep up in the marketplace.”

Organizations must create a plan that includes the three elements of the Triple Bottom Line in order make it work. Included in this plan should be ways in which each of the three Triple Bottom Line concepts will be carried out and measured as well as a plan for continuous innovation. Organizations working towards integrating the Triple Bottom Line into their business strategy should also be careful not to “greenwash.” Greenwashing occurs when organizations make claims of environmental responsibility when in reality they are only implementing minimal actions in an attempt to improve their image and enhance their bottom line.

Ecological and social business strategies can be expensive to implement, which is an important factor for organizations to consider. The investment may never realize a direct return on investment but may be essential for the long-term success of the organization. Further, organizations must remember to communicate their positive impact on the environment and society with current and potential customers.

Building Triple Bottom Line strategies into businesses is not a simple task; yet, these practices are critical components of successful 21<sup>st</sup> business strategies for organizations to consider.

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