

Triple Bottom Line Performance – Finding the Balance

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Abstract

Sustainability and its organisational cousin 'triple bottom line' have become very topical in the past few years. But is the rhetoric running ahead of the reality? The conundrum is perhaps best summed up by the Schrodinger Cat example from particle physics – can something be a product and a process at the same time? Is sustainability about the 'journey' or the 'destination'?

Sustainability is a mindset that requires us all to look at the world differently, to think in a 'cyclic' rather than 'linear' way. The new TBL paradigm requires focus not only on the 'financial' returns to shareholders, but also on the 'non-financial' returns to stakeholders. Regardless of short-term shareholder value, organisations are increasingly being asked to do the 'right thing' by the environment and society.

Concepts and approaches such as The Natural Step and Natural Capitalism encourage organisations to rethink the way they operate. To ensure that they are journeying towards the right destination, organisations need both a 'Map' and a 'Compass'. A Map (EcoSTEPS sustainability review) to tell them where they are today and also a Compass (conceptual framework) to guide them strategically.

Key Words

sustainability, triple bottom line, The Natural Step, EcoSTEPS

Introduction

Sustainability is a mindset that requires us all to look at the world differently, to think in a 'cyclic' rather than 'linear' way. Concepts and approaches such as *The Natural Step* and *Natural Capitalism* encourage us to rethink the way we do business.

The World Business Council for Sustainable Development (WBCSD) and others have clearly articulated the 'business case' for sustainable development. For Australia to be globally competitive and to meet environmental and social performance standards that are sustainable, profound changes are required in all sectors of Australian society and in particular business organisations. Sustainability is a newish concept in business but progressive, market-orientated companies are rapidly recognising the competitive advantages of positioning themselves appropriately. The drivers vary from organisation to organisation but commonly include such non-traditional factors as:

- 'Triple Bottom Line' reporting – social and environmental as well as financial;
- 'Sustainable Development' (ESD);
- 'Corporate Social Responsibility' (CSR);
- Environmental impacts – Public Environmental Reporting (PER);
- Customer/Supply Chain management and pressures – 'Green' purchasing;
- Stakeholder relations, Ethics and Values;
- Ethical & Socially Responsible Investment (SRI);
- Brand value maintenance and enhancement, public perception and image.

The new Triple Bottom Line paradigm requires focus not only on the 'financial' returns to shareholders, but also on the 'non-financial returns' to stakeholders. Regardless of short-term shareholder value, organisations are increasingly being asked to do the 'right thing' by the environment.

One of the biggest practical challenges is developing and sharing a ‘common language’ with which to communicate and articulate the new ‘sustainability thinking’ within an organisation. EcoSTEPS has been working on developing a coherent conceptual framework that links together all the various dimensions of sustainability in a systems approach. This is represented and explained using the metaphor of a "Sustainability Tree".

A ‘Sustainability Review’ is primarily a *Qualitative* assessment of the policies, procedures and practices that are in place that support the sustainable development of an organisation. It is not a *Quantitative* measure of the flows and uses of materials and energy. This can be the subject of more in-depth and comprehensive Sustainability ‘Audit’ processes. These can be selectively undertaken once the key areas for sustainability focus have been determined by the initial sustainability review – for example: ethics/values assessment, energy/water audits, waste/packaging audits, stakeholder relations etc.

Compass and Map

To ensure that they are "heading in the right direction", organisations need both a “Compass” and a "Map". A Compass (Sustainability Tree) to guide them strategically and also a Map (Sustainability Review) to tell them where they are today. Traditional barriers to the uptake of eco-efficiency and sustainability can then be overcome by education and working with the present realities of individual businesses and allowing them to develop their strengths and minimise their weaknesses.

Sustainability Steps

An organisation travelling towards sustainability will generally take the following steps of the journey:

Sustainability Steps			
<i>“Getting Ready”</i>			
<u>Stage</u>	<u>Descriptor</u>	<u>Approach</u>	<u>Tools (Illustrative)</u>
1. Why Do?	Drivers	Developing the Business Case	WBCSD
2. Understanding	Compass	Sustainability Framework	Sustainability Tree
3. Where Are We Now?	Map	Sustainability Review Analysis	EcoSTEPS review
<i>“Moving Forwards”</i>			
4. Where To?	Backcasting	ABCD Analysis	The Natural Step
5. How To Get There	Action Steps	Process/Product improvements	Project SIGMA
6. Measuring Progress	Indicators	Proving the Business Case	Global Reporting Initiative

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Sustainability Tree

EcoSTEPS has been working on developing a coherent conceptual framework that links together all the various dimensions of sustainability in a systems approach. This is represented and explained using the metaphor of a "Sustainability Tree" (Figure 1).

The framework is based on Australian and international principles of Ecologically Sustainable Development (ESD). It incorporates a number of other well-known concepts and approaches, including: UN Local Agenda 21, The Natural Step, Environmental Management Systems (ISO 14001, 14031), Ecological Footprint, Natural Capitalism, Global Reporting Initiative (GRI) etc.

We have found this an extremely useful starting point in generating consensus amongst internal and external stakeholders. It allows everyone to gain an appreciation of the different dimensions and components of the sustainability agenda. Starting out at the "roots" (Science, Ethics and Values) and then progressing up the "trunk" first order principles of ESD. The three main "branches" (Triple Bottom Line) lead into the more detailed areas of strategies, plans, management systems and indicators. At the top of the tree, the "leaves" represent the actions and interests of individual stakeholders.

“As above – so below” Beneath the ground are the roots – the realms of science, ethics, values and mental constructs.

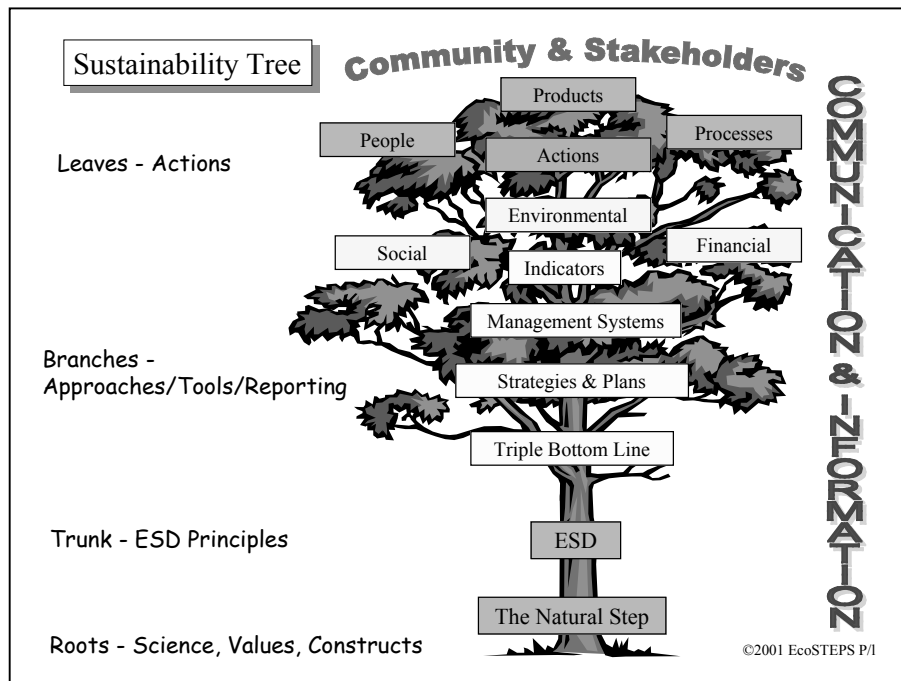
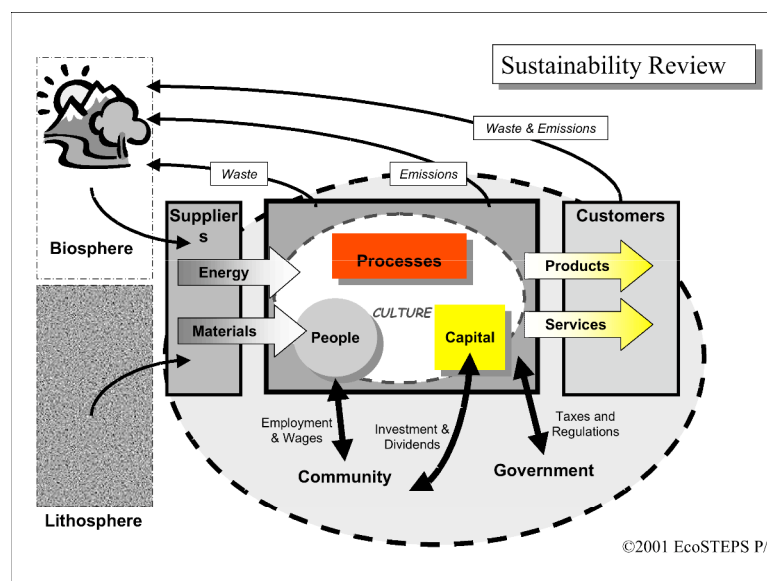


Figure 1 EcoSTEPS Sustainability Tree

Sustainability Review

The EcoSTEPS Sustainability Review (Figure 2) is primarily a Qualitative assessment of the policies, procedures and practices that are in place that support the sustainable development of an organisation. It is not a Quantitative measure of the flows and uses of materials and energy. This can be the subject of more in-depth and comprehensive Sustainability ‘Audit’ processes. These can be selectively undertaken once the key areas for sustainability focus have been determined by the initial review process – for example: ethics/values assessment, energy/water audits, stakeholder relations etc.

Figure 2: EcoSTEPS Sustainability Review



Conclusion

The physical resources of the Earth are finite. The population of the Earth is growing and our collective ecological 'footprint' is already larger than the planet can sustain and is expanding rapidly. All organisations, large and small, are having to learn how to operate in a new paradigm in which physical resources are conserved. The issue of how to meld the various dimensions of sustainability into a coherent organisational strategy is not at all easy. Fortunately there are some good early examples from organisations such as Interface, Visy Industries and IKEA, where 'cyclic' sustainability thinking is taking over from traditional, resource intensive 'linear' thinking.

To ensure that they are "heading in the right direction", organisations need both a Compass (Sustainability Tree) to guide them strategically and a Map (Sustainability Review) to tell them where they are today. By adopting a common language in which to communicate these new sustainability concepts, organisations, large and small, can start journeying towards sustainability. The benefits can then potentially flow through to improve the quality of all our lives - without compromising the ability of the Earth to support future generations.

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