

## Serving the Greater Good with a Triple Bottom Line

By: Cheryl Kollin and Robin Fladebo, Full Plate Ventures, LLC.

Whether your business is a non-profit or for-profit, if you have a *green* business strategy you are also providing a public benefit by protecting the environment, strengthening the local economy and providing jobs. Any measures you take to reduce your energy use, transportation costs or waste in production or operations benefits the environment by reducing your business's environmental footprint.

For example, your incentive to buy local products might be to reduce transportation costs, but you'll also reduce your carbon footprint. This trend is apparent in the food sector, with the boom in farmers' markets and "buy fresh, buy local" campaigns. "Buying local" has the added benefit of supporting our local economies. A multiplier effect recirculates dollars spent within your community, strengthening other local businesses. A study in Chicago showed that a dollar spent at a locally-owned restaurant had 25 percent more economic impact than spending at a restaurant chain.<sup>1</sup>

Non-profit organizations are in the business of providing one or more public benefits as their main mission thus the IRS recognizes 501(c)(3) organizations as tax-exempt. There are also a growing number of for-profit businesses, known as social enterprises that employ a triple bottom line strategy of profit, people, and planet—that is, earning a profit as well as improving the environment and tackling social issues. The authors of *The Power of Unreasonable People: How Social Entrepreneurs Create Markets that Change the World*<sup>2</sup> say that social enterprises solve big social challenges in innovative ways by foregoing profit maximization in order to maximize social value. The "unreasonable people" described in this book pursue their passion in ways that are also good business strategies.

1. *They seek profit in unprofitable pursuits.* These businesspeople are willing to strike a different balance to create value, not strictly in monetary terms. Social enterprises often have a triple bottom line of people, planet, and profit, and provide products and services primarily to serve the public good.

2. *They try to measure what's not easily measured.* Seeking a social return on investment (SROI) means finding new ways of measuring value that mainstream markets fail to recognize and reward. The Olympic Community Action Program (OlyCAP) in Washington State provides nutritious, subsidized meals to at-risk seniors and children while providing food service job training for at risk adults. OlyCAP's program success is not measured in net profit; in fact, this non-profit's goal is to break even. Yet, the real value of this enterprise is measured by its social return on investment. A monetized value is derived by quantifying reduced health care and institutionalization costs for seniors

(\$16.5 M), reduced special education costs among young children (\$2.5M), and reduced unemployment subsidies for trainees employed by the program (\$161,000) and local food sourcing (\$173,000).

3. *They think they know the future.* Social entrepreneurs see things that others do not and reframe challenges as opportunities. The best way to predict the future is to create it. Your business may be able to fill a niche that mainstream suppliers are not interested in—employing previous incarcerated people to prepare meals that serve the homeless, for example.

Make no mistake; a triple bottom line strategy is good for business. There is an estimated \$290 billion U.S. market for goods and services that appeal to consumers interested in health, the environment, social justice, sustainable living, and personal development. Dubbed LOHAS<sup>3</sup>—Lifestyles of Health and Sustainability— this largely untapped market represents one in four adults, or almost 41 million Americans. Small businesses can enter LOHAS markets more easily because typically the price point and margin can be higher rather than relying on volume sales to make up for a razor slim margin.

How might you improve the environment, address social concerns, and support your local economy while earning a profit? Work with your SCORE mentor and refer to specific resources on the SCORE website to help you get started. What could your triple bottom line business look like?

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<sup>1</sup> Michael Shuman, *The Small-Mart Revolution: How Local Businesses are Beating the Global Competition*, Berrett-Koehler Publishers, Inc.: San Francisco, 2006; pg. 49.

<sup>2</sup> Elkington, John and Pamela Hartigan. *The Power of Unreasonable People: How Social Entrepreneurs Create Markets that Change the World*, Harvard Business School Publishing: Boston, MA. 2008.

<sup>3</sup> [www.LOHAS.com](http://www.LOHAS.com)