

Learning's Contribution to the Triple Bottom Line

By Patti Phillips, Ph.D.

It's not enough that chief learning officers have to contend with showing bottom line value for the investment in their programs, but today, organizations have a renewed, and in some cases "new," interest in the triple bottom line. This presents a new opportunity for the CLO.

The Triple Bottom Line

The triple bottom line refers to an organization's societal, environmental and economic contribution. The concept was introduced in 1994 by sustainability guru John Elkington. In 2004 *BusinessWeek* described Elkington as "a dean of the corporate-responsibility movement for three decades." While issues around sustainability have existed for some time, it was difficult to link them to business strategy. Today, however, great effort is being placed on linking doing good and doing well.

Doing Good, Doing Well

The fundamental premise behind the triple bottom line is sustainability: A corporation's way of addressing business concerns about environment, workers' rights, consumer protection, corporate governance and broader social issues and the relationship of these to profit.

Financial growth and a cult-like following are not unusual for organizations whose leaders make conscious decisions based on societal and environmental, as well as economic values. By doing what is right, organizations can often do quite well.

Starbucks

An example of triple bottom line and sustainability strategy is Starbucks Corp. From coffee to music to environmentally friendly napkins and cups, sustainability permeates Starbucks.

Sustainability is the value-add for Starbucks. Customers seek out Starbucks for the privilege to stand in line and pay \$3 for a latte. Why make coffee at home, when you can drive five miles to experience Starbucks? Even at \$3 a gallon for gasoline, people will wait in line at the drive-through for a Starbucks.

Starbucks took an inexpensive commodity and redefined the coffee market by offering customers an escape to an environment far-removed from the hustle and bustle of everyday life. Along with connecting with customers who value an experience while drinking their coffee, Starbucks takes care of employees, society and the environment by sharing its economic success through the support of educational, health and social service projects. But the most important contribution is to its growers.

Because it can, Starbucks pays a premium to coffee growers that allows them to use traditional methods of farming that preserve tropical forests. In 2001, with the help of Conservation International,

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Starbucks revamped the way it buys coffee: The company made the conscious decision to pay higher prices to farmers who meet a list of social, environmental, economic and quality standards. In the end, the guidelines enabled growers to earn a decent living, allowed for conservation and provide quality coffee to Starbucks, which then passed it on to consumers.

Herman Miller

Herman Miller is a recognized leader for its environmentally responsible product design. It doesn't pursue recognition for its environmental consciousness. Rather, the company chooses to do the right thing for the sake of doing right. An excerpt from its corporate value statement reads:

"We contribute to a better world by pursuing sustainability and environmental wisdom. Environmental advocacy is part of our heritage and a responsibility we gladly bear for future generations."

Through its sustainability efforts, Herman Miller serves its customers, industry, community and its employee-owners, balancing doing good and doing well. Diane Bunse, an environmental specialist at Herman Miller, estimates the company actually makes \$4 for every dollar spent on environmental sustainability.

Wal-Mart

Wal-Mart, home of low prices and the largest (and most powerful) retailer in the world, is making conscious choices to go beyond low prices. In November 2005, CEO Lee Scott set goals to increase vehicle efficiency by 25 percent over the next three years, double vehicle efficiency in the next 10 years, eliminate 30 percent of the energy used in stores and reduce solid waste from U.S. stores by 25 percent in three years. The company also is investing \$500 million in sustainability projects.

Wal-Mart is the biggest seller of organic milk and the biggest buyer of organic cotton in the world. Based on a yearlong environmental audit conducted in partnership with Conservation International, Wal-Mart executives found that if they eliminate some of their environmental wastes, they could save \$2.4 million a year in shipping costs and 1 million barrels of oil. On its fleet of 7,200 trucks Wal-Mart determined it could save \$26 million a year in fuel costs by merely installing auxiliary power units that enable the drivers to keep their cabs warm or cold during mandatory breaks from the road rather than let the truck engine idle all night. Wal-Mart installed machines called sandwich balers in its stores to recycle and sell plastic that is thrown away. Companywide, the balers have added \$28 million to the bottom line. Wal-Mart is keeping its commitment to be the low-cost provider of goods and provide shareholder value, and it is keeping its eye on the environment.

The Trend to Do Good

Why do organizations pursue triple bottom line results? Is it to be viewed in a bright light by stakeholders and the community, or do leaders really want to do what is right? Patricia Aburdene, in her book "Megatrends 2010," calls it "conscious capitalism." She posits this concept as a new awareness that profit at any cost will in the end cost us as a society.

Businesses need to make money. The fundamental premise of capitalism is the obligation of a corporation to provide long-term shareholder value. Profitable companies support communities, charitable events, education and welfare. Profitable people support the economy, fund-raisers and

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feel more secure to volunteer their time. A focus on profit is not bad, but people's consciousness and values are changing.

Sherry Ruth Anderson and Paul H. Ray, authors of "The Cultural Creatives" suggest a new cultural demographic is growing at a rapid pace, and it is shaping the future of business. Their research identifies three distinct cultures in the United States and Western Europe.

Moderns: They emphasize money and success

Traditionals: They emphasize community and religion

Cultural Creatives: They emphasize social justice and responsibility

It is the third group whose rank grows about 1 percent each year, and it consists of about 50 million people. The Cultural Creatives are bringing their values to the table and organizations worldwide are responding.

Cause and Effect

Sustainable business practices are no guarantee for profit. Organizations always will cater to market demands, competition and economic fluctuations, which means research and development, marketing strategy and good sales practices always will be necessary. But lack of environmental and societal impact can hurt profits and — worse — reputations. Remember Nike's quandary after it was accused of using sweatshop labor? Wal-Mart has become the latest target because of perceived poor labor practices and embattled local community shops.

Sustainable business practices can save costs, offer new product lines and even create executive-level positions charged with opening revenue streams. For example, Lorraine Bolsinger is vice president of ecomagination at General Electric Co. and Bruce Sampson is vice president of sustainability at BC Hydro.

A focus on sustainability offers developmental opportunities for staff and taps into employee consciousness, which can influence employee satisfaction, company reputation and ultimately economic viability. This is where the CLO can play a role.

Learning's Contribution

No other function has the opportunity to influence such a large percentage of the organization as does the learning function. By taking advantage of this influence, the CLO and the learning function can take a lead in providing triple bottom line value to the organization.

Economic Contribution

A first step is to assess the learning function. What steps are being taken to contribute to the organization economically? What waste can be cut from the learning function? Research shows that 60 percent to 90 percent of training is not applied to the job. That is a lot of money and a lot of waste. Take advantage of processes that assist in ensuring the right programs are offered to the right people to achieve the right results.

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Ensure programs and projects are connected to the economic engine and that alignment exists between learning and the economic measures of success. Once the connection is made, show the value of learning and development, up to and including ROI. Much work has been done to calculate the ROI in major learning and development programs. To date, literally thousands of organizations are showing the ROI for programs. It can be done, and it is being done.

Environmental Contribution

Go green. A simple contribution CLOs can make to the triple bottom line is to require workshop materials, flip charts, cups and markers be made of recyclable materials. Recycle binders and name tag holders. Use natural light in the office and the classroom, reducing the cost of electricity. Take advantage of outdoor settings for staff meetings and learning events to reduce electricity usage and inspire creativity.

Go organic. Think about what you feed participants. Is it helping or hurting their learning (not to mention their waistline)? Cakes, cookies and muffins are comfort foods, but what do they do to the participants' energy? Think about feeding participants organically grown fruits and vegetables — not only will you help participants, you will help the environment.

Link your learning programs to environmental measures. Report to stakeholders the impact your programs are having on air and water quality. Remind stakeholders when a program contributes to scrap reduction, it is also helping reduce landfills. CLOs are in a unique position to keep contribution to the environment at the forefront of stakeholders' thoughts.

Societal Contribution

From a societal aspect CLOs can show employees and other stakeholders the organization's progress to invest in the community and implement practices that promote human rights and the dignity of employees. This is an important message that can be integrated into many programs.

Build opportunities into program for employees to contribute to community development projects. Leadership programs can include opportunities for leaders to apply their newly acquired skills in nonprofit organizations or community development initiatives. Evaluation of these efforts can show results as they relate to the business and the community.

The CLO is in a position to directly tackle many of these issues by showing the payoff of investing the employees. Many efforts have been employed to show the value of investing in corporate benefits and adequate salary and eliminating employee turnover. An excellent contribution will be to show the organization's leadership and employees the value this type of investment brings.

CLOs offer programs that foster capacity building in sustainable business practices and evaluate the programs to show the contribution of such programs.

Anita Roper, director of sustainability at Alcoa Inc., has said, "Whether it's called sustainability education or not, business people are definitely looking for the skills you get from courses in sustainability. It gives you the capacity to think holistically instead of thinking only like an economist or

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human resources director or an engineer.” Imagine the impact of your succession planning initiative if you were to include sustainability as part of the curriculum.

Finally, partner with the community to help develop capacity in less under-developed areas in your town. Connect with the small business incubator and share your expertise.

In short, the CLO is in the best position to influence triple bottom line results throughout the organization. By using techniques already availed to the learning function and using a little creativity, the learning function can lead the way to balancing doing good and doing well.

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