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Business As "Un"usual

Mary Rose and Karl Ostrom

The recent movie *The Corporation* portrays corporations as having the characteristics of a psychopath without any of the accountability an individual would have who exhibited similar behavior. Sadly, there is a great deal of truth in that portrayal. It raises powerful questions about accountability for corporations. To whom are corporations accountable? How can a business, once so focused on the single bottom line of profit, become an integrated, contributing member of its community? How can companies ensure that the people who give of their life's labor are treated with dignity in recognition of their full humanity?

The world in which corporations operate is rapidly changing, holding companies increasingly accountable to a wider circle of stakeholders. Companies that respond proactively are retooling for success.

The new marketplace offers *drivers* and *incentives* that are leading corporations to greater global/social, environmental, and

economic citizenship. Managing for economic, environmental, and social benefit simultaneously is commonly referred to as the *Triple Bottom Line*. Is this simply a choice made by a few ethical CEOs while the bad guys keep on with business as usual? Or is this, in fact, a good business model with rewards in the marketplace even greater than those of corporations who are on "a race to the bottom"?

Global Drivers

Today's proactive corporations are driven by a number of factors that are making management for the Triple Bottom Line a *requirement* for success.

In the global marketplace, streamlining production and reducing costs play a critical role in company competitiveness. Toyota, for example, has reduced cost and increased productivity through lean manufacturing techniques. As a result, the company has had more money to invest in developing new technologies such as the hybrid car.

American companies must com-

ply with standards of operation in the global marketplace that are more stringent than in the United States. Countries around the world are working to reduce greenhouse gas emissions through regulation and alternative technologies. The U.S. has been reluctant to enforce clean-air regulations and adopt other standards that might impinge on America's "license to do business as usual." U.S. companies are falling behind in manufacturing competitiveness and new technologies leadership.

Global media coverage and internet communications are increasing public attention on the source of products and the impact of their creation. Sweatshop working conditions in the developing world have caused major companies severe embarrassment and loss of revenue. Global companies no longer operate overseas with impunity: they are increasingly monitored and exposed by consumer groups, NGOs, religious communities, and government agencies here and abroad.

BIG BUSINESS, SMALL STEPS

Social demands and shareholder pressure are urging these companies to become life-giving and sustainable.

- Ford Motor Company** One of the first to provide prevention and treatment of HIV-AIDS among its workers in South Africa.
- Johnson and Johnson** Will disclose its campaign contributions, with independent directors overseeing the process.
- Procter & Gamble** Launched Millstone Mountain Moonlight Fair Trade Certified coffee.
- FedEx** Announced that it will add 75 hybrid trucks to its delivery fleet.

SMALL BUSINESS, BIG STEPS

Since their modest beginnings, these businesses have been committed to sustainable practices that give back to the community.

- Ben and Jerry's** Issues yearly "Social and Environmental Assessment."
Pays a Living Wage of \$9.98/hr.
Sources from women- & minority- owned businesses & sustainable farms.
- Patagonia** 1% of sales goes to environmental groups.
Plant in Reno has carpet made of 100% recycled polyester and office walls made from compressed field straw.

Global Incentives

Today's proactive corporations are reaping the incentives of the Triple Bottom Line in the global market place. Alternative energy, environmental engineering, and sustainable building design and construction are among the fastest-growing sectors of the economy. They offer new and diversified business opportunities and a competitive leading edge. Companies listed on the Dow Jones Sustainability Index are consistently doing better than other companies. Socially responsible investment funds are outperforming other investment funds, and sustainably-managed companies are attracting more

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investment.

Companies who set strict guidelines for suppliers and vendors, and require factory certifications, protect themselves from exposure through their supply chains. Investments in renewable energy and closed loop systems protect against price volatility and scarcity. The “Precautionary Principle”—

exercising caution when it comes to chemicals, medicines, genetically engineered substances, and other potential threats to life health and environment—is a management guideline that reduces the risk of brand loss and lawsuits.

An often overlooked advantage

of triple bottom line management is the impact on employee morale and productivity. It is no surprise that companies aligning values and ethics with business practices attract and retain a loyal workforce. Good morale and healthy environments increase productivity.

The cause for reforming corporations to better serve the planet, people and, yes, profitability is coming together in the movement for Sustainable Business. Intelligent, heart-centered people are working within corporations to align their practices with the needs and challenges of our global community. The combination of global regulation and demonstrated sound business opportunity is filling the sails of those who will lead corporations into the new paradigm for triple bottom line success.

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