

## Video Transcript: "What is the Triple Bottom Line?"

[https://youtu.be/1-Ct\\_53XKYY](https://youtu.be/1-Ct_53XKYY)

The world is full of uncertainty. Monumental challenges such as climate change, poverty, and inequality are at the forefront of daily life and becoming increasingly urgent. One thing that isn't uncertain is the need for change. Business leaders are realizing the power of using sustainable strategies to address the world's most pressing issues while driving organizational success.

One way to understand a business's sustainability efforts is by using the triple bottom line, a concept that posits firms should commit to measuring their social and environmental impact in addition to financial performance rather than solely focusing on profit or the standard bottom line. The triple bottom line comprises three P's--profit, people, and the planet.

The first component is profit. A firm's success heavily depends on its financial performance or the earnings it generates for shareholders. Strategic planning initiatives are generally designed to maximize profits while reducing costs and mitigating risk.

Historically, many organizations' goals have ended there. Now, purpose-driven leaders are discovering they have the power to use business to effect positive change without hampering financial performance. The triple bottom line second component highlights a business's societal impact or its commitment to people. It's important to distinguish between a firm's shareholders and stakeholders. Businesses have traditionally strived to generate value for their shareholders as they've increasingly embraced sustainability. That focus has broadened to include all stakeholders impacted by business decisions such as customers, employees, and members of the communities in which they operate. Some have achieved this by ensuring fair hiring practices and encouraging volunteerism in the workplace. Many companies have also worked to effect change on a larger scale. For instance, by strategically partnering with nonprofits that have similar purpose-driven goals.

The triple bottom line's third and final component revolves around positively impacting the planet. Since the Industrial Revolution, large corporations have contributed a staggering amount of environmental pollution. A report by the carbon majors database found that 100 fossil fuel producers have been responsible for 71% of global industrial greenhouse gases since 1988. While such companies have contributed to climate change, they also have the means to combat it. Many business leaders have recognized their responsibility to act and are committed to using ethically sourced materials, reducing energy consumption, and streamlining shipping practices to reduce their organization's carbon footprints.

While adopting the triple bottom line may seem idealistic in a world that emphasizes profit over purpose, innovative companies have shown it's possible to do well by doing good.