

Triple Bottom Line: What Is It & Why Is It Important for My Business?

5 min read



Key Takeaways

- **Understanding The 3 P's Of Business:** The triple bottom line framework looks at businesses and their impact on the world as a holistic, interconnected system of people, planet, and profit.
- **What Are the Triple Bottom Line Benefits?:** Today's consumers don't just want high-quality products and services; they want to use their purchasing power to support businesses that support bigger causes.
- **How to Start Taking (and Measuring) Social Responsibility in Your Business:** The three best ways to begin improving your business's triple bottom line are to improve your human capital management strategy, implement a sustainability management system, and be more socially responsible.

Entrepreneur and author John Elkington's theory answers just that. In 1994, Elkington devised the **triple bottom line system**- sometimes referred to as TBL or 3BL.

His intent was to shift the focus from business accounting based solely on finances and internal profit to a system that better measured the true success of a business.

How so? This meant not only looking at a business's own financial success, but also the company's impact on the entire system of the planet, the people on it, and the greater economy^[1].

The Triple Bottom Line Framework and the 3 Ps of Business

The triple bottom line framework looks at businesses and their impact on the world as a holistic, interconnected system of people, planet, and profit. It recognizes that to create a new, better system of capitalism that boosts success while improving the world, businesses must look at the bottom line, or the impact, that they have on the three Ps of the triple bottom line framework.

Let's first look at what the three P's of the triple bottom line are...

Understanding the 3 Ps of Business

People

The people's bottom line measures the positive and negative impacts your business has on the people directly connected to it – not just its shareholders but also all of its stakeholders. This includes shareholders, employees and their families, customers, [suppliers](#), and communities.

Planet

The planet bottom line evaluates a business's positive and negative impact on the environment. It looks at a company's use of natural resources, carbon footprint, management of toxic materials, sustainable sourcing, recycling practices, and more.

Profit

The profit bottom line can actually be more accurately described as the prosperity bottom line because it looks not at a business's profits but at its positive and negative impacts on the economy and prosperity of its community as a whole.

What Are the Triple Bottom Line Benefits?

The importance of corporate responsibility and a business's greater impact on the world is constantly increasing. Why? As business operations and brand values become increasingly public through social media channels that allow consumers to interact directly with companies as if they were people too.

Values have a strong influence on consumer buying behavior^[2]. Today's consumers don't just want high-quality products and services; they want to use their purchasing power to support businesses that support bigger causes, so that they, too, can have a positive impact on the future.

Corporate values not only impact consumer behavior but also the decisions of top talent within the workforce. When you commit your business to a higher level of operations through the triple bottom line framework, your employees will experience a greater sense of self-fulfillment at their jobs because they, too, will be making a difference in the world just by showing up for work each day.

Read More: [Lower Turnover & Boost Profits By Honoring Maslow's Hierarchy Of Needs](#)

Traditionally, business leaders are accustomed to focusing on the usual bottom line, the one that reflects your company's profits. The triple bottom line approach offers benefits

that will strengthen your business's bottom line by attracting more customers and more talented employees.

Simultaneously, it also creates a better economy for the world's future through better human capital management, a mindful sustainability management system, and a positive impact on the community.

How to Start Taking (and Measuring) Social Responsibility in Your Business

The three best ways to begin improving your business's triple bottom line are to improve your human capital management strategy, implement a sustainability management system, and be more socially responsible.

Human Capital Management Strategy

Improve your human capital management strategy and align it with your financial management strategy for the benefit of your people and your profits. You can invest in your people and the opportunities you offer them by providing meaningful incentives, recognition, and rewards to the people who work for you. This can range from offering bonuses and commissions to providing childcare and remote work flexibility.

Read More: [How To Maximize Profit And ROI On Your People](#)

These types of workplace benefits result in happier people, increased productivity, improved worker retention rates, and increased profitability. By making smart investments in your people, you'll automatically see an improvement in workplace culture and on-the-job satisfaction in addition to an increased ROI on labor costs. This also means encouraging and supporting their community volunteering.

Sustainability Management System

You can take responsibility for the planet by managing your company's sustainability and limiting its footprint on the environment. This type of strategy looks different for every business, but it's important to consider what your business can do.

Read More: [Break-Even Analysis: Improving Your Bottom Line](#)

Whether you dedicate a portion of your profits to supporting an environmentally-friendly cause (be sure you know your break-even point and have strong enough profit margins to ensure you can afford this kind of financial commitment), you design a supply chain that enables you to use recycled materials, or you create an energy-efficient office space, you can find ways to positively impact the planet while likely reducing your costs, too.

Take Social Responsibility in Your Operations

In a local business, you have the power to impact the prosperity of your community. In a global business, you have the power to impact the prosperity of communities around the world. No matter how big or small your business is, you have the power to improve the economy of your community.

You can do this by:

- Choosing responsible supply chains that compensate their workers fairly
- Innovating
- Generating wealth
- Creating jobs
- Generating more opportunity in your community by promoting other businesses and community members
- Paying taxes
- Volunteering for or donating to nonprofits
- Promoting diversity and equal opportunity in your hiring practices

Measuring the Impact of the 3 Ps on Your Business

You can't manage what you don't measure.

To ensure the strategic changes you implement based on the triple bottom line framework are successful and sustainable themselves, you need to measure their impact on your business. Without the right teams and technology in place- this is nearly impossible.

This means establishing an efficient, accurate, and automated back office of sound bookkeeping and accounting practices that will enable you to access the management reports you need to measure and track your business's profitability drivers.

When you use responsible means to drive your business's profitability, obtaining business success can be seen as not just positive but also virtuous.

[1] <https://sustain.wisconsin.edu/sustainability/triple-bottom-line/>

[2] <https://www.acrwebsite.org/volumes/9225/volumes/v06/NA-06>