

State of the Art in Triple Line Organizations

Submitted to

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by The Idea Hive

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Executive Summary

One of the conceptual frameworks for discussing a topic as complex as "sustainability" is the balancing of the Triple Bottom Line, in which returns on investment are described in terms of financial, environmental and social elements. For some people, the Triple Bottom Line has even been replaced by Triple Top Line thinking, in which the elements are not evaluated at the end of the process, but planned for and designed into the initial stages of investment.

The popularity of these concepts begs the question of whether anyone is actually practicing them. The Institute for Environmental Entrepreneurship commissioned The Idea Hive¹ to do a study of the websites of organizations devoting themselves to sustainability, to explore the extent to which Triple Line thinking was being employed, success that was being achieved, and places where value might be added to the effort.

Tens of thousands of U.S. organizations are focused on some aspect of a "Triple Line" (TL) philosophy, attempting to integrate, either fully or partially, the needs of the environment, society, and economics. We did not find organizations using the term "triple top line" (TTL) to describe themselves or their practices, but we believe this is due to the obscurity of the term rather than an absence of its ideals. For instance, The Natural Step doesn't specifically define its goals as TTL, but does promote a transition to sustainable design. Of these organizations, it is undoubtedly a minority that could be considered to be operating from a triple top line perspective. While most of the private sector is not yet engaged even in triple bottom line (TBL) thinking or action, and only 31 companies in the US produced a Global Reporting Initiative (GRI) sustainability report in 2008, TTL can be used as a conceptual leapfrog that bypasses TBL thinking entirely.

A complete listing of triple line organizations would be redundant to other efforts (see WISER Earth description, below p. 8). This report profiles 54 organizations of diverse scope and size. While some groups are for-profit (such as the consultancy CSR Network and investment company Portfolio 21), the majority are not-for-profit, including think tanks, grassroots community organizations and information providers. Given that the triple bottom line ethos has a long way to go in terms of entering the public mindset, it is not surprising that the majority of organizations in the matrix are 501(c)(3)s, which by definition have a mission based in education and the public good. Many groups (Rainforest Alliance, Forest Stewardship Council) are membership

¹ The Idea Hive (<http://theideahive.com>) was founded by individuals within the Green MBA program at Dominican University of California, who share a common purpose: to transform business practices to reflect triple top line thinking. Idea Hive partners combine their knowledge of sustainability and business with a range of systemic techniques designed to foster innovation through embracing complexity, diversity and holism.

organizations, true to the grassroots nature of their primary focus. The majority are young groups, with half being ten years old or less; the oldest group profiled is California Certified Organic Farmers, founded in 1973. While all share an interest or mission of advancing some aspect of sustainability, it is difficult, in the absence of a clear metric or consensus, to evaluate the success of each organization within the scope of this Report.

The TL organizations, that we surveyed online, encompass several areas of activity, which include:

1. Convening, Brokering & Building Networks
2. Creating Best Practices
3. Developing Standards and Evaluations
4. Providing Innovative Products/Services

Many of the organizations have similar foci and duplicative missions, each finding their niche through specialization and/or localization, but for most this means a reduction in focus rather than stepping back to look at the big picture. However all the organizations researched breach the confines of purely profit-driven operation in some way. Whether tackling one major issue of sustainable growth or moving gradually into a holistic business perspective, each can be tied together with the common thread of belonging to a 'triple line' group.

A key to advancing the message of triple line thinking may be not a new organization working in a specific area, but rather a big picture organization. We see the need for a clearinghouse of information, a leadership provider, and an evaluator of the work being done elsewhere.

As society moves beyond mitigating harm to designing products and services for positive social, environmental and financial effects, the need also arises for an organization that can compile, evaluate and communicate the vast efforts taking place in North America and beyond. Such an organization could take a leadership position in a system that is in need of coordination and perspective.

Introduction

This report is designed to provide an overview of the variety of organizations working in the triple line space, within the U.S. and internationally and to identify the space wherein a new organization might be most useful. Fifty-four businesses and NGOs were researched and categorized according to their scope, mission and effectiveness from the triple perspective of people, planet and profit. While many worthy efforts are underway, for local community organizations to international entities such as the United Nations, this report identifies the need for an organization to provide leadership, evaluation and/or coordination of these worthwhile efforts to move business, government and society to a more just and sustainable model.

Methodology

Members of The Idea Hive conducted Internet research of 54 organizations in July/August 2008 to begin building a matrix of organizations and businesses operating in the arenas of environmental, social, and economic sustainability and justice.

The Idea Hive members used the following questions to identify core elements of each organization:

- What is their stated mission?
- What are their tactics/strategies?
- When were they founded?
- Who are they?
- How many have been certified by the organization? What is their membership?
- Who are they serving?
- What areas do they cover?
- Where does their funding come from?

Research was initially grouped by the organizations' main area of intended impact (see also Organization Matrix at the end of this Report):

- Environmental -- focusing on natural systems (California Certified Organic Farmers, Forest Stewardship Council, Carbonfund, etc.)
- Economic -- improving the existing systems of commerce to account for progress (Account Ability, Corporate Social Responsibility (CSR) Network, Triple Bottom Line Institute, Co-Op America, Portfolio 21, Human Impact + Profit (HIP) Investor, Permaculture Credit Union, etc.)

- Social Equity -- organizing efforts in all sectors to build healthy, functioning communities (Redefining Progress, Ella Baker Center, etc.)

It became clear that many organizations operate in two or even all three of these areas, so the Findings examine cross-sector similarities as well.

In considering how to rate/prioritize these organizations, it was determined that the development of a subjective rating system was beyond the scope of this research, and better suited for phase 2 of the project.

Terminology

Triple Bottom Line (TBL) is defined in the Business Dictionary as: "Financial, social, and environmental effects of a firm's policies and actions that determine its viability as a sustainable organization." BSDGlobal.com expands this to include: "In practical terms, triple bottom line accounting means expanding the traditional company reporting framework to take into account not just financial outcomes but also environmental and social performance." In essence, this label shows that a business is taking external systems beyond its own operations into consideration to some degree, but stops short of distinguishing cursory renovations from structural attitude changes.

Triple Top Line (TTL) is defined by the Dictionary of Sustainable Management: "The effect that attention to sustainable management of natural, financial, and human capital has to an organization by increasing revenues (by offering more desirable products and services) and reducing costs and expenses throughout operations (through more streamlined operations). While many of these benefits are measured in terms of triple bottom line accounting, even more valuable are their effects to a company's top-line financial performance because they require less capital investment and reduce the cost of capital." The term is being popularized by Bill McDonough and Michael Braungart (see "What Remains to be Done" below). "This new design perspective creates triple top line growth: products that enhance the well being of nature and culture while generating economic value."

http://www.mcdonough.com/writings/design_for_triple.htm

Sustainability can be defined as the implementation of practices that align with a vision of long-term survival.

Sustainable development was defined in the 1987 Bruntland Commission report: "Sustainable development is development that meets the needs of the present without compromising the ability

of future generations to meet their own needs." The simplest application for this term is growing strong communities while improving the health of the systems that support them.

Findings

This report will introduce the complex web of organizations spread across the country and around the world that are working for a more sustainable world of social justice, financial equity, and environmental health. As research progressed, it became clear that there are a huge number of worthwhile organizations working at all levels and in all areas of TBL concerns, and a few working toward TTL innovation. A key to advancing the mission of TBL and TTL may be not a new organization working in a specific area, but a clearinghouse, leadership provider, and evaluator of the work being done elsewhere.

Triple Bottom Line vs. Triple Top Line Approaches

While the term "Triple Bottom Line", TBL, has been around for a decade (it originated with John Elkington, co-founder of the business consultancy SustainAbility, in his 1998 book *Cannibals with Forks: the Triple Bottom Line of 21st Century Business*), the term "Triple Top Line", TTL, is more vague and has not been widely adopted. [For 21st century proof: When the term 'triple bottom line' is searched on Google, 317,000 hits are returned, versus 1,900 for 'triple top line'.] In general, sustainability is a holistic, long-term approach to improving the world's problems. Waste occurs when sustainability is not designed into a product (or service) from the beginning. The triple top line approach demands that the initial design of a product or business comprise sustainability, and thus, zero waste. Generally, TTL refers to the financial benefits that accrue from the truly sustainable design of a product or service. TBL is a method of measuring a business's true performance in environmental, social justice and economic terms. TBL is a remedial afterthought, focused on the old model of compliance, whereas TTL innovation emphasizes designing for health across all three lines.

Research did not uncover organizations that are using the term "triple top line" to describe themselves or their practices. This may be due to the obscurity of the term TTL, rather than an absence of its ideals. For instance, The Natural Step doesn't specifically define its goals as TTL, but does promote a transition to sustainable design. While most of the private sector is not yet engaged in TBL thinking or action, TTL could represent leapfrog in mental technology that bypasses the TBL step. For purposes of this report, sustainability and some version of a healthy TBL describe the goals of each of the organizations profiled.

Who is Doing What?

The vast array of TBL groups forms a huge ecosystem that is difficult to encompass. One organization is attempting to create a user-maintained database of all the not-for-profit organizations dedicated to sustainability in the social, environmental and financial arenas: Wiser Earth, founded by Paul Hawken. (WISER stands for World Index for Social and Environmental Responsibility.) As defined on its website, Wiser Earth “serves the people who are transforming the world. It is a community directory and networking forum that maps and connects non-governmental organizations (NGOs) and individuals addressing the central issues of our day: climate change, poverty, the environment, peace, water, hunger, social justice, conservation, human rights and more. Content is created and edited by people like you.” To date, Wiser Earth hosts a database of some 109,000 organizations (of which over 48,000 are U.S. based) and an additional 700+ less formally organized groups, all dedicated to creating a more just and sustainable world.

Wiser Earth ONLY lists non-profits, but announced in August 2008 that it would be opening up to government agencies and for-profit businesses. This widening of scope could make Wiser Earth the major repository of data on triple-bottom-line-focused organizations. The fact that the Wiser Earth database is built by the public as a cooperative enterprise gives further strength to its focus as "a community-editable international directory and networking forum that maps and connects the largest movement in the world - the hundreds of thousands of organizations and concerned individuals that address social justice, poverty, and the environment."

Under the sub-category “Eco-labeling and Certification” alone, Wiser Earth lists 309 organizations, of which 99 are based in the U.S. At the same time, there are many for-profit certification programs around the country.

Under the sub-category “Distributive and Economic Justice”, Wiser Earth lists 2,160 U.S.-based organizations working for equitable sharing of the benefits and burdens of public policy. Under the rubric “Responsible Business Practices”, Wiser Earth lists 413 U.S. organizations.

On the business-oriented side, Environmental-Expert.com lists 4,071 environmental "services and consulting" companies and 221 environmental "events" (mostly conferences) in North America alone. Businesses and organizations focusing on various aspects of TBL concerns are numerous. Add to those entities, the foundations, think tanks, and media outlets that issue papers, evaluations, and “top ten” lists on sustainability, along with the academic institutions, such as the GreenMBA at Dominican University, that are completely focused on training triple line focused leaders of tomorrow, and the web of groups becomes extremely complex. One-man

industries, such as Joel Makower's blog at Greenbiz.com, report on and synthesize TBL progress across sectors. Greenbiz.com's conference calendar lists 12 pertinent gatherings across the U.S. in September 2008 alone. The site also lists 415 pertinent magazines and journals, and almost 10,000 case studies. Clearly, information is both key and available; however, there seems to be less "evaluation" of what is out there. The U.N. is actively gathering and publishing data in these arenas also, and profits from visibility and the ability to claim international consensus.

Add to this the "crossover" nature of some organizations, which focus either on environmental sustainability and social justice (e.g. Trans Fair) or on economic and social equity (e.g. Acumen Fund). There are groups that attempt to bring together investors, business, and environmental groups: "Ceres advances its vision by bringing investors, environmental groups and other stakeholders together to encourage companies and capital markets to incorporate environmental and social challenges into their day-to-day decision-making."

In general, the organizations profiled so far focus on education (in individual, corporate, and national policy arenas), or on certification and standards for products, services and organizations. On the economic side of TBL organizations, groups seem to focus on ethical investing education (e.g. AccountAbility or CharityNavigator), finance businesses (e.g. Shorebank or New Resource Bank), and policy solutions (e.g. Redefining Progress), or specific issues such as tourism or carbon trading (e.g. Eco Tourism Index or The Chicago Climate Exchange). The organizations covered fall into three categories: conferences and network building, evaluation of best practices, and certification/standards development and implementation.

The sustainability-focused organizations under discussion do not encompass everyone working in the field. Politically focused entities such as League of Women Voters, the Green Party, the Socialist Party, have a role to play in this vast network.

1) Convening, Brokering & Building Networks

Large-Scale Community:

Co-Op America Business Network recognizes the shared purpose of global health through a holistic plan of action. This includes providing 'green' resources for businesses, responsible purchasing/investing guidelines for individuals, and even a comprehensive climate change campaign of its own. Not simply a data bank or repository, this organization promotes sustainability from every corner of the movement.

A Complex Approach

Reaching an international audience of local governments, the International Council for Local Environmental Initiatives (ICLEI) seeks to provide resources and strengthen inter-city

relationships. Since 1990, 895 government bodies have joined this group. Its mission focuses on practical, measurable improvements, while allowing each organization to find its own path toward sustainable results. By avoiding universal benchmarks, ICLEI lets each community define its own success criteria. Although technical expertise is shared between member organizations, its training and application are hardly standardized. This tactic shows patience for diversity by supporting interconnected parts of the system. This enables a network to grow with confidence.

Organizations Addressing the Needs of Small Business

Small businesses are job creators. Research from the Office of Advocacy of the U.S. Small Business Administration states that small businesses represent 99.7 percent of all firms, they create more than half of the private non-farm gross domestic product, and they create 60 to 80 percent of the net new jobs. In 2004, there were an estimated 23,974,500 businesses in the U.S. Of the 5,683,700 firms with employees, 5,666,600 were small firms. Despite this, many environmental and social justice efforts have been aimed either at individual behavior or at large corporations. Many organizations exist to help local small businesses in the environmental and/or social areas; in the Bay Area alone there are New Voice of Business, Bay Area Green Business Program, Ella Baker Center, Green Chamber of Commerce, and Sustainable Sonoma, along with the various business aids sponsored by the San Francisco and other county governments, to name a few. While each group may have a slightly different focus, there can be no doubt that much overlap exists among the missions and efforts of these organizations.

One national group, the service organization BALLE (Business Alliance for Local Living Economies), has maintained a broad focus and a substantial following since its founding in 2001. BALLE takes as its vision: "a sustainable global economy as a network of Local Living Economies. Local Living Economies build long-term economic empowerment and prosperity in communities through local business ownership, economic justice, fair trade, cultural diversity, and a healthy natural environment." This vision comes the closest of the groups studied in this report to a true and effective triple bottom line embrace of environmental and social concerns within a healthy, local-based economy; true sustainability. BALLE was created as a project of the Social Venture Network (SVN) and currently comprises 60 networks of some 15,000 entrepreneurs in the U.S. and Canada.

2) Repository of Best Practices

Groups such as Co-op America, Charity Navigator, Guidestar, and Redefining Progress focus on informing individuals and businesses, and also to some extent offer policy formulations to advance their mission of triple bottom line sustainability.

Partnering among like-minded organizations is a way to multiply their reach. In 2007, SustainAbility joined with CSR communications agency Flag, and data management system providers credit360 to develop Learn from the Leaders, which contains benchmark research into sustainability reporting excellence. SustainAbility acts as a "moderator" to which best practices in reporting are sent for evaluation and inclusion in the database. 18 months after the project's launch, there are 400 examples submitted by 100 entities in the database.

Ethical Corporation is a media hub for responsible business, with a series of publications and a website that attempt to summarize Corporate Social Responsibility activity. The reach of its partnership is international; it includes the Business Social Compliance Initiative (BSCI), with 170 voting members from 11 countries. The BSCI organizes retailers and importers to monitor their shared supply of consumer goods.

Also on an international scale, the United Nations Global Compact is a major effort at achieving social and environmental equity while bolstering the business world. They state "The Global Compact is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. As the world's largest, global corporate citizenship initiative, the Global Compact is first and foremost concerned with exhibiting and building the social legitimacy of business and markets." The U.N.'s efforts are often dismissed as being toothless in terms of enforcement, but the Global Compact seems to be making genuine efforts at enforcing standards and "punishing" those groups that are not complying. "The delisting policy was first implemented in January 2008, when 394 companies were removed from the participant list. Since then, an additional 236 companies have been delisted - bringing to 630 the total number of companies delisted since the policy was implemented. In addition, 317 companies are currently listed as "inactive" on the website, of which 184 are at risk of being delisted in 2008. Despite the large number of companies removed from the participant list, the overall number of participants continues to rise. During the first half of 2008, 701 new companies have joined the UN Global Compact, increasing the total number of business participants to 4619, and the total number of all participants - companies plus non-business stakeholders - to 5982." Of the 630 companies recently delisted by Global Compact, only 23 are in the U.S.; among the delisted group is the prominent PR firm Ruder Finn.

Evaluating a Moving Target

Redefining Progress, located in Oakland, CA, and Washington, DC, offers integrated policy tools for the public sector that address the broad strokes of sustainability. It marries quantitative assessments with ongoing research and education. The Genuine Progress Indicator challenges

the GNP by surveying a wider range of economic factors. Its Climate Asset Plan initiates specific tactics for a global environmental strategy.

3) Developing Standards and Evaluations

Certification Challenges

The challenges of certification are many, as are the pitfalls. Is the certifier a for-profit, non-profit, or government-based organization? Does it have a vested interest? Does it charge to certify, and is the fee based on rating results? These are some of the questions raised in a recent article on greenbiz.com aptly entitled, "Navigating the Wilderness of Green Business Certifications". For-profit certifying organizations from Park City, UT, Boca Raton, FL, and St. Joseph, MI are listed, along with the non-profit certification organizations in San Diego, Washington D.C., and the venerable Bay Area Green Business Council. Other countries (e.g. the Netherlands) have taken an integrative planning (Green Plan) approach to promoting sustainable practices, whereby all levels and sectors work together and examine every action through an agreed upon set of sustainable metrics and goals. According to San Francisco group the Renewable Resource Institute (RRI), "Not only does the Dutch green plan integrate all environmental issues into one coherent, ecosystem-based policy, it integrates them with human factors like public health and the economy."

Creating a social equity scale, Account Ability assists the global public/private community in its transition to a just, self-regulating organism through the 'civilizing of power.' Positioning itself as an 'innovation hub,' it has introduced the AA1000 Assurance Standard, a collectively-authored corporate accountability benchmark.

One example of effective certification is the Leadership in Energy and Environmental Design (LEED) Green Building Rating System developed by the US Green Building Council (USGBC). In recent years LEED building practices have become increasingly abundant, "more than 43,000 people have earned the credential since the Professional Accreditation program was launched in 2001," according to the LEED website. Though the LEED movement is centered on buildings and construction, there are aspects of this model that can be replicated into other industries.

Collaboration is a key aspect of the LEED model, with certificates awarded by committee. The volunteer committees are comprised of a cross-section of experts in varying aspects of the building and construction trade. LEED claims, "The key elements of USGBC's consensus process include a balanced and transparent committee structure, technical advisory groups that ensure scientific consistency and rigor, opportunities for stakeholder comment and review, member ballot of new rating systems, and a fair and open appeals process." These foundations for decision making and ranking can and should be utilized in other industries. The USGBC is adamant that

LEED solely focus on rating buildings, so there is the opportunity for another similarly designed organization to go in and start a rating scale for the products in the LEED buildings. By including many experts in varying fields within the same industry a similar rating system can be developed.

Developing a "Carbon Rating Label"

Alongside the wealth of information available on sustainability, there are also examples of organizations directing specific action. Carbon emissions reduction and the carbon footprint have received a lot of press and attention, in particular to offsetting and carbon markets, and many organizations have sprung up around this issue. Carbonfund focuses on emissions through carbon output assessment, abatement, and offsetting. However, confusion and ignorance remain. As illustrated in a recent Chicago Tribune article, there is no set standard for calculating an individual's (or a business') carbon footprint. Conflicting assumptions about air travel, food, and product supply chains can lead to wildly varying "scores", which must contribute to consumer confusion.

Another organization that has developed a measurement tool of the environmental impact an individual has on the planet is the Global Footprint Network (GFN). Similar to the assumptions that can be associated with Carbonfund, the Global Footprint Network's "scores" can fluctuate as well. In contrast, the GFN is not a source for offsetting carbon emissions, but rather it is to be used as a tool to raise awareness and scope of one's impact and provide useful ideas to reduce negative impacts.

On the business side, there is much to be done to raise awareness before a good start on reducing carbon emissions can be made. A recent Harris Interactive study, conducted for Dow Corning, indicates that 68% of global companies questioned were not familiar with the term "carbon footprint." While European companies were much more likely to be aware of and have plans for reducing carbon emissions, only 28% of American-based responding companies had carbon reduction plans in place, versus 43% of European respondents.

Setting up a Green Business Incubator in the Inner-City

Green for All addresses social and environmental equity by bringing the green economy to those who need it most. In a truly top-line approach, disadvantaged communities are connected with entrepreneurial and green collar opportunities. Through advocacy, local government support and public awareness campaigns, Green for All aligns the issues of poverty and pollution to grow mutually beneficial business.

As well, the Ella Baker Center, based in Oakland, CA promotes a variety of tactics to break cycles of violence and educate the local community about the value of social, economic, and

environmental justice. The Center utilizes collaboration, education, political advocacy, and campaigns to further their goals in providing green-collar jobs to low-income communities, and provides support to the local community in the areas of crime reduction and youth advocacy.

Developing Criteria, Time Frame, Return on Investment (ROI) for Investors

These groups provide guidance and standards on certifying businesses, processes (such as investing) and/or products in various aspects of sustainability: ISO (International Organization for Standardization), GRI (Global Reporting Initiative), Eco-Index Sustainable Tourism, C2C (Cradle to Cradle), ABAG (Association of Bay Area Governments), Energy Star, Portfolio 21, HIP Investor, and Permaculture Credit Union.

How does any group take responsibility for making an impact? The GRI issues Sustainability Guidelines, the first version of which came out in 2000. Of 309 GRI-reporting companies in 2008, 31, or 10% are American-based. GRI's convening efforts have given visibility and standards to 30,000 stakeholders, offering accountability for their three bottom lines.

Some, such as the Permaculture Credit Union based in Santa Fe, take the environmental principles of permaculture and combine them with concern for social justice, as stated in their mission, "The Permaculture Credit Union pools the financial resources of people who believe in the ethics of Permaculture - care of the earth, care of people, and reinvestment of surplus for the betterment of both. We apply those resources to earth-friendly and socially responsible loans and investments."

Corporations such as "TBLI GROUP™: a knowledge broker and an extra-financial rainmaker, specializing in Triple Bottom Line Investing (TBLI) and ESG (Environmental, Social and Governance Issues)" take a for-profit approach to promoting conscious investing.

California Certified Organic Farmers (CCOF) and Farm Service Agency (FSA) provide industry-wide standards for agriculture and forestry, respectively. While groups such as ISO provide standards for sustainability across sectors, their processes focus on large enterprises that have the staff and other resources to undergo the rigorous requirements of the ISO system (e.g. 14000 for environment, 9000 for best practices for continuous improvement and business practices, and the soon-to-come 26000 for social responsibility.) Still others, such as the Bay Area Green Business Program, focus on certifying businesses, mostly small and medium enterprises (SMEs), in a geographic area.

Philanthropy & Measurement

The March 2008 Money issue of the *New York Times* magazine noted the anticipated boom in charitable giving as those who profited from recent economic growth, such as hedge fund investors, along with retiring baby boomers, infuse their earnings into the economy. The article stated, “At a moment of widespread economic distress, philanthropy is a growth industry, its golden age, at least in terms of dollars spent, almost certainly yet to come.” A primary issue in philanthropy swirls around “strategic grant-making,” as business-savvy philanthropic “investors” demand an accounting of the effectiveness of their gift.

The *Times* continues, “According to Kathleen Enright, G.E.O.’s (Grantmakers for Effective Organizations) executive director, there is an enormous range in how foundations measure the impact of their grants. Often, she points out, organizations rely on something called “logic models” to add analytical rigor. These begin with a hypothetical “theory of change” and are essentially formulas that explain how financing can solve a social problem. For example, nonprofit seeking funds from a foundation might theorize that a summer tutoring program will improve a school’s standardized test results. The application might propose a measurable goal, too, like a percentage increase in scores. For some foundations, models and measurable goals help them choose among the swarm of nonprofits seeking money for social programs.” (Gertner)

Writer Jon Gertner interviewed foundation executives for his article: “It can be baffling, at times, trying to figure out which foundations merely want to measure the impact of the work they do and which hope to use metrics as part of a philosophical reappraisal of their approach to philanthropy... Several people in the philanthropic community I spoke with grouped foundations into a kind of pyramid. Most foundations (those at the lowest level) conduct occasional evaluations, perhaps collecting anecdotal and some numerical data to measure the results of the programs they underwrite. Those that are more serious about measuring impacts (these might be in the middle tier) have tried to implement formal evaluation methods, perhaps even spending large sums on randomized trials. Some of these foundations, like the Carnegie Corporation, have taken the rare step of sharing some information about their failures with other foundations and with the public.” (Gertner)

Challenges in quantifying the results of pioneering long-range investments has caused several organizations, such as the Acumen Fund, to combine business-as-usual investment models with social equity goals.

The Acumen Fund is a charity that is trying to answer that concern of measuring philanthropic return. However, a focus on metrics can raise hackles among more traditional philanthropies, as

the difficulties of measuring intangible or long-term returns may result in unbalanced “investing” in returns that can most easily be measured.

Case Study: The Acumen Fund

The Acumen Fund incorporated in 2001 with a mission of focusing on reaching the millions of desperately poor people, the “Base of the Pyramid” (BOP). While it is a 501(c)(3) not-for-profit, the Acumen Fund is one of the first of a new model of “philanthropic venture capital fund” in that it raises charitable funds that go to grants, loans, and equity investments in for-profit and non-profit organizations in the poorest parts of the world. Google.org was an early investor in Acumen Fund, and the business-based model takes metrics as seriously as any for-profit investment fund. (Lee)

According to their website, investments made by the Acumen Fund are measured by three criteria:

- Potential for Significant Social Impact: the company funded needs to have a product or service that addresses a need of the BOP that is not currently being fulfilled.
- Potential for Financial Sustainability: the company must have a clear business plan with an operating break-even within 5 to 7 years
- Potential to Achieve Scale: the entrepreneur requesting funds should be able to demonstrate an objective of reaching approximately 1 million end users within five years, or demonstrate a similar growth or leadership potential in its chosen market along with a strong management team and plan.

For all investment enterprises the Acumen Fund requires quarterly metrics depicting the social and economic health of the organization, and determines its lasting compatibility with the mission of the Acumen Fund.

Investors in the Acumen Fund do not see financial return on their investment; when a company becomes profitable those earnings go back to the Acumen Fund to be re-invested in other areas.

According to a *New York Times* article published in 2006, the Acumen Fund up to that point had invested 20 million dollars after raising 40 million. The article also pointed out that at the time the article was printed 15 of the 21 initial projects were active. The Acumen Fund website claims to have helped over 10 million people and now has 24 working projects. The goals of the organization, according to the website, are to raise 100 million dollars and help 50 million people. While this goal may seem lofty, the Acumen Fund still concedes that, “98% of the world’s poor will be unaffected by our work.”

Ultimately, a danger of investment-focused models like the Acumen Fund may lie in over-reliance on metrics and data. There is much opportunity in the world of evaluating giving effectiveness, particularly for an alternative, systemic approach for evaluating progress.

What Remains to Be Done?

1. One interesting approach to evaluating the effectiveness of individual organizations and the TBL network would be to "follow the money". Are funders hedging their bets by "investing" in different entities that essentially do the same thing? Are investors confused by the array of possible investment opportunities without a "standard" for evaluating performance? An analysis of funding sources for TBL organizations, especially non-profits, may reveal patterns that could be tweaked to achieve greater effectiveness, or at least peace of mind.

As economic recession hits, concern for social justice, and particularly for the environment is in danger of fading as companies and individuals focus on short-term survival. Doubtless this ripple of concern will spread across TBL organizations as companies and investors "pull in their horns." Green and equity-focused companies will need to adapt their messages to hard economic realities, or hunker down to ride out the economic downturn. Government policy, too, will be affected as budget priorities shift and tax revenue and discretionary spending decline. Organizations and businesses will need creativity and flexibility; this would be a good moment for strong leadership of the movement to step up.

2. To gain a deeper understanding of the product driven corporations with TBL practices a companion matrix will be a helpful reference tool. Businesses that could be on the matrix might be Patagonia, Interface Inc., or SC Johnson.
3. Develop a standard with supporting fiscal/operational database that would allow non-profit foundations/organizations with TBL focus to be compared across sectors; what percentage of budget goes to programs, e.g.; almost like a JD Powers for good.

What is Needed by the Field? Leadership

A survey this year issued by SustainAbility and Globescan identified a failure in leadership across sectors as the primary barrier to achieving sustainability in society.

SustainAbility summarizes the survey: "Fully seventy-five percent of 2,158 respondents view "current efforts of governments, businesses, and multilateral organizations" as being "very or

mostly inadequate...” Nearly fifty percent of respondents identify the “culture of consumption” as a “significant barrier” to advancing the sustainability agenda over the past twenty years. Yet, these experienced respondents (with more than half having 5 or more years of experience), also rate the performance of business leaders much more highly than that of national elected leaders.” To become a truly powerful force within the greater system of our economy, the TBL movement needs leadership. The sustainability movement needs to nurture spokespeople to serve as thought leaders in the national arena.

Moving Forward... from Triple Bottom to Triple Top Line:

We as change agents are aware of the paradox of multiple, valuable activities taking place and yet seemingly slow motion “at the top.” To effect change what degree should government policy change be the focus, versus grassroots action, versus industry taking the lead? Viewed systemically, it is clear that all efforts are part of the picture and there is no one solution.

A key to understanding true sustainability is that it is a process, not a final product. Cradle to Cradle design gurus Bill McDonough and Michael Braungart define the next phase, going beyond triple bottom line to incorporating new thought processes into design:

“The triple bottom line, a concept developed by John Elkington, has been, and remains, a useful tool for integrating sustainability into the business agenda. Balancing traditional economic goals with social and environmental concerns, in language that works in the boardroom, it has created a new measure of corporate performance. Unfortunately, in ways Elkington did not intend, the triple bottom line often becomes a measure of the degree to which a company has minimized a liability. The concept of the triple top line moves accountability to the beginning of the design process, assigning value to a multiplicity of economic, ecological and social questions that enhance product value. When asked upfront, these questions can drive intelligent product development and lead to design decisions that yield positive effects rather than limited liabilities.”

As society moves beyond mitigating harm to designing products and services for positive social, environmental and financial effects for this generation and generations to come, the need arises for an organization that can compile, evaluate and organize the vast efforts taking place in North America and beyond. Such an organization could take a leadership position in a sub-system that is desperately in need of coordination and perspective.

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