



## ***Triple Bottom Line: How TBL Affects Your Business***

Once upon a time, tracking business success really only required tracking profits, ROI and shareholder value. Today, that's not the case. Your company's bottom line isn't just about profitability anymore. In fact, there are now three bottom lines you need to worry about – the triple bottom line, or TBL, was first proposed in the 1980s, but it's become an increasingly important metric for all companies.

### *The Three Bottom Lines*

To really understand TBL and how it affects your business, you need to know a bit more about the three bottom lines this concept mandates.

People: The first bottom line is people – those in your immediate area, as well as around the world. It's a measure of how socially responsible your business is.

Planet: The second bottom line is the planet itself. This is a measure of how sustainable your business is and what it is doing to be environmentally responsible.

Profit: The third bottom line should be familiar. It's the traditional measure of profitability within your organization.

### *The Problem*

The problem with the triple bottom line metric isn't really understanding what it encompasses, but in actually measuring all three bottom lines. As any business owner knows, tracking profitability and performance is a challenge in and of itself. When you add tracking social and environmental responsibility to the mix, things can become confusing pretty quickly.

There are several schools of thought on how to measure TBL. One that has gained some traction in recent years is the idea of monetizing all three areas, but it's difficult to put a dollar value on social responsibility activities or environmental protection. Another idea is to put all three into an index, allowing for easy performance comparisons so long as there is a universally accepted accounting method in place.

No matter how you cut it, the triple bottom line is a concept that you should be familiar with and tracking these metrics should be incorporated into your daily business activities.

Source:

<http://www.ibrc.indiana.edu/ibr/2011/spring/article2.html>