



“ [Corporate social responsibility] is about doing the right thing and making money while doing it. ”

—Bob Sherman, The College of St. Scholastica

The Triple Bottom Line

Taking Corporate Social Responsibility Seriously

By Mat Gilderman

Dow Chemical refers to it as “the ultimate balance sheet.” Timberland’s approach to it is that it’s “grounded in the values that define our community: humanity, humility, integrity and excellence.”

“It” is referring to the triple bottom line—a term coined in 1998 by John Elkington, a founder/director of the think tank SustainAbility based in Washington D.C. Elkington wanted a name to go with the growing number of companies whose balance sheets include not only profit, but people (fair business practices, community stewardship), planet (environmental stewardship, reducing or reversing carbon footprint) and profit.

Hence the name—“triple bottom line”—which travels very closely with another term much like it: corporate social responsibility.

Duluth is fortunate to have some amazing examples of the triple bottom line and corporate social responsibility. Let’s take a glance at four different Duluth area businesspeople who, along with the organizations in which they work, are passionate about maintaining strong business practices while creating a thriving community and a healthy environment.

THE EXPERT — BOB SHERMAN

Bob Sherman’s views on corporate social responsibility stem from the unethical business practices he’s witnessed first-hand while in leadership positions all over the country. Because of those experiences, he wants his students—and anyone involved in business—to understand that corporate social responsibility and the triple bottom line are much more than business philosophies. They’re essential business models.

“It really boils down to doing the right thing while nobody’s looking,” said Sherman. “My definition of corporate

social responsibility is ‘developing an intentional plan that takes into account not only the needs of your business to grow and become sustainable, but also the needs of society for products and services that are valuable to that society.’”

Sherman mentions the example of Wal-Mart, and how for several years up until now they were known for mistreating suppliers and not providing health benefits. And when they finally realized their practices could be hurting their business, they developed a plan and decided to change their strategy to assume the image of a “green company.” Good idea, says Sherman—but too little, too late. He feels nobody’s believing it.

“For a business to really stand the test of time, people have to believe in their products and services,” he added. “In other words, proudly make your business practices very transparent. If you establish that kind of approach, customers and suppliers will want to do business with you. They’ll trust you. And if you do have a crisis and need to step up and apologize to your customers, they’ll accept that. Ethics, good works and transparency—within a company’s means—helps a business avoid that. And it strengthens the common good instead of weakening it.”

Locally, he feels Duluth has some wonderful examples of solid triple bottom line and CSR. Take Stephen Lewis, president of Western Bank, for example.

“He opened a bank on the Cass Lake reservation with the purpose of teaching the folks on the reservation, who recently came into new money, how to save, spend and invest responsibly,” said Sherman. “He certainly didn’t have to take that approach, but his customers now really appreciate it—and give him more business. Steve’s created a great model as to how CSR works.”

“It’s all about doing the right thing and making money while doing it.”



TOWNSEND

THE INITIATOR – CHELLY TOWNSEND

As food services director at the Duluth Entertainment Convention Center, Chelly Townsend has seen more than her share of food, plastic and Styrofoam make its way to the ever-growing area landfill. She knew throwing away all that waste wasn't illegal – just incredibly wasteful. It was time to take action.

"I thought to myself, 'There has to be a more efficient and responsible way to get rid of this stuff,'" said Townsend.

So after some research with Western Lake Superior Sanitary District and Howard Waste Company, she and her staff discussed how to improve their waste management practices.

DECC management came up with only two criteria for the sustainability program which began in 2003: 1. The process had to be cost-neutral and, 2. within reason.

"We knew that replacing Styrofoam with thermal paper for coffee cups would cost us more, but recycling more items would offset that added cost and now five years later we've actually created enough demand to make the product costs go down," said Townsend.

Using local businesses as suppliers was also a major priority for the DECC. The switch from Styrofoam cups to recyclable paper cups was made easier through an alliance with local paper products distributor Twin Ports Paper. When they need baked goods, Duluth has a bevy of tremendous local bakeries, according to Townsend.

"The local alliances we formed helped us to move into the right products," she added. "These services are people within our community, people whose job depends on regular business. And buying locally saves on shipping costs – and I feel Duluth and Superior businesses just have a better product."

When it comes to sustainability, recycling and monitoring waste at your business, Townsend's best advice is to start small.

"Take baby steps and don't be afraid to try new things," Townsend said of corporate sustainability practices. "Don't go into it saying, 'This is how we're going to do it.' Go into it saying, 'This feels like a good start.' Get advice from local companies; Howard Waste answered all kinds of questions for us."

"Overall, Duluthians have the right mind set," she added. "We want to do the right thing – it's who we are as a community. There's a need for businesses to participate in this kind of [corporate] social responsibility."

How the DECC does it, according to Chelly Townsend:

- Nearly everything that can be recycled is recycled.
- Surplus food is donated to Second Harvest Food Bank.
- An in-house materials exchange is utilized, along with a Minnesota materials exchange.
- Local product buying is done as much as possible.
- A "turn off the lights" policy is in effect.
- A conversion from natural gas to surplus steam is in place to significantly save energy costs.
- The new DECC arena will be the first LEED Certified Arena in the nation.

To top it off, the DECC was the recipient of the 2008 Governor's Minnesota Great Award for environmental stewardship through sustainable practices.

THE GURU – DEAN TALBOTT

Dean Talbott's position as residential program manager with Minnesota Power is to promote conservation, efficiency and renewable energy programs.

A portion of Talbott's responsibility includes overseeing the Triple E New Construction program. The program, according to the Minnesota Power Web site, is to "promote energy-efficient new home construction and design through specific thermal



TALBOTT

and performance standards." The three Es stand for "Energy (efficiency), Education and Evaluation," and by forming a partnership with homeowners, builders, architects, suppliers and manufacturers – energy efficiency of new residential homes is vastly improved. In fact, Triple E homes have been proven to average a 35 percent reduction in space heating costs compared to conventional new homes. And since 1990, over 750 Triple E high-performance homes have been built within Minnesota Power's service area.

"People often ask me, 'If you work for an energy utility – whose goal is to sell energy – why would you want people to use less energy?'" said Talbott. "First, there is a Minnesota state mandate in place that requires all utilities to invest a percentage of their energy sales to help customers use less energy."

"Second, we have a responsibility to promote wise energy use," added Talbott. "In fact, over the past five years, increased demand has pushed us past our electrical generation capacity. If we're over our generation capacity, we must purchase electrical generation from other outside sources. That's where the importance of conservation and efficiency comes into play."

Talbott feels that reaching out to customers regarding wise energy use in the form of education plays a large part of their company's overall goal.

"Providing reputable objective information for customers is another key goal for us," said Talbott. "We offer free energy audits for existing homes and businesses and offer a variety of rebate programs. We also have conservation programs for residential, commercial and industrial clients – whether it's low-cost compact fluorescent bulbs, high-efficiency furnaces, ground source heat pumps, Energy Star appliances and renewable energy systems."

When a company such as an energy utility takes care of the triple bottom line, it's good for everyone and everything, according to Talbott.

"It's just a case where everybody wins – the environment, the company and the customers who make up our community."

THE CORPORATE LEADER – DAVID ROSS

To Duluth Chamber of Commerce CEO David Ross, few cities hold more relevance when it comes to business and the triple bottom line than Duluth and the surrounding area.

"It takes a person of conviction, tenacity and high ethical standard to do business in Duluth. We are justifiably protective of our people, our community and our city's compelling, exceptionally attractive physical environment," said Ross. "It is this sense of place and uniqueness which gives us our competitive business advantage. People who come to Duluth hoping to generate jobs and develop land have the added corporate responsibility of doing all they can to work with a community that highly values clean water, clean air, safe streets and good schools – and strong business."

Ross said he also understands the Chamber and Duluth have to be sensitive to the creative tension that exists between conservation and commerce.

"A nondescript, flat city with an unremarkable natural environment may not be as concerned with the triple bottom line as

Duluth," said Ross. "I am pleased and proud that our community members are concerned with issues of long-term sustainability and ethical business practices."

When it comes to towing the triple bottom line, Ross feels that the Chamber of Commerce needs to lead by example – and does.

"We should be the embodiment of the best practices," said Ross. "We need to set an example for our 1,200 plus members as to how a small business can be sensitive to its employees; the people who have chosen to spend the majority of their waking hours working for them; and sensitive to the health of the greater community."



ROSS

In fact, when Ross took over as executive director of the Chamber, his first initiative was to enhance Chamber employees' health care, dental care and life insurance, retirement plan and overall work environment. Why? Because he wanted to illustrate to his colleagues how the Chamber will be a place that supports an individual and that individual's family – and still be successful.

"When you work here at the Chamber, there is a threshold for wages that may even be higher than what is absolutely necessary," said Ross. "From a moral and respect standpoint, providing asset-building wages and benefits for employees was imperative." **D**

Mat Gilderman is Editor of the Duluthian.