

Moving Toward Sustainability

Rural Entrepreneurship and the Triple Bottom Line

Community Futures Alberta

Adapted in part from: Entrepreneurship Development in Rural America: Insights into Triple Bottom Line and Wealth Creation Impacts of Entrepreneurship Strategies, by Deborah Markley, Managing Director and Director of Research, RUPRI Center for Rural Entrepreneurship; and Nancy Stark, Director of Field Development, CFED

What is the “Triple Bottom Line?”

“Triple Bottom Line” (TBL) is a phrase coined by John Elkington in 1994. He later expanded on the idea in his 1998 book, *Cannibals with Forks: the Triple Bottom Line of 21st Century Business*.

In simple terms, Triple Bottom Line accounting means taking into consideration environmental and social performance as well as financial performance when reporting on a business or project.

The phrase “people, planet, profit” succinctly describes the Triple Bottom Line and the goal of sustainability. “People” (human capital) pertains to fair and beneficial business practices toward labour and the community. “Planet” (natural capital) refers to sustainable environmental practices. And “profit” is the bottom line shared by all commerce.

The TBL approach in rural entrepreneurship

Can entrepreneurship make rural communities more economically competitive, help to preserve the natural environment and draw more people into community decision-making?

In other words, is entrepreneurship a strategy for crossing the Triple Bottom Line?

The concepts that underlie TBL development are not new to rural people and rural entrepreneurship practitioners. The notion of stewardship resonates in rural places – stewardship of natural resources, heritage, and institutions. Rural communities may be ideally positioned as laboratories for TBL development because, in many places, the needs are glaring – whether embodied in the need to preserve the natural environment or the need to maintain local school infrastructure or the need to reverse out-migration of youth. What is lacking is a roadmap – a set of tools that can help practitioners align their entrepreneurship efforts with principles of TBL development.

Study in Progress

In February 2009, the RUPRI Center for Rural Entrepreneurship published the initial findings of a group that is in the process of exploring economic development practices, specifically those associated with cluster strategies, value chains, entrepreneurship development, and community development finance that offer hope for rural communities and regions through the achievement of Triple Bottom Line outcomes. TBL practices, for this exploration, were defined as those that generate positive economic, environmental, and social outcomes for rural places and create wealth that “sticks” – wealth that is retained by and for the benefit of rural communities.

The group found that entrepreneurship development as presently designed is not generating impacts across the three components of the Triple Bottom Line. Without intentional focus on environmental and social outcomes, the impacts of entrepreneurship development on these aspects of the Triple Bottom Line will not be identified and measured.

At the same time, there is nothing about entrepreneurship development that, inherently, is in conflict with the Triple Bottom Line. However, in practice, entrepreneurship development is not yet being designed with explicit attention to all components of the Triple Bottom Line.

How to encourage the Triple Bottom Line approach in rural entrepreneurs

Based on their discussions with a wide range of practitioners in the US, the group identified a number of issues that must be addressed in order to move practitioners and rural community leaders toward the consideration and measurement of a broader set of outcomes:

- Developing language that is persuasive and resonates with rural community leaders

It appears that phrases such as “sustainable development” and “Triple Bottom Line” do not necessarily resonate with rural community leaders. For entrepreneurs, the notion of sustainability can be interpreted in at least three ways – the sustainability of their program or initiative, the sustainability of the community, and the sustainability of the natural resource base. The TBL concept has become more common within the funding and practitioner communities, but is not everyday language for community leaders. This suggests that *how* sustainable development is communicated



to community leaders is as important as *what* is communicated.

- Tying TBL considerations to community needs and challenges

At least in terms of entrepreneurship development, finding the economic leverage points appears to be a key to moving entrepreneurship development toward the Triple Bottom Line. For example, what might make a logging company effective in achieving TBL impacts would be its ability to communicate the direct connection between adopting a sustainable practice and the logger's bottom line. An overriding concern among limited resource loggers is their ability to earn a living, and making the argument for sustainable forestry in economic terms can be very convincing.

- Developing more effective measurement systems to make the case for TBL strategies in entrepreneurship

The study group found that, over time, the field of entrepreneurship development has become better at articulating and capturing economic

outcomes in a way that helps to tell the story about the importance of this strategy for rural communities. This indicates that with more work, it would be possible to articulate measures to get at environmental and social outcomes. A measurement guide, drawing on the unique experiences of some of the exemplary development approaches that use the Triple Bottom Line, would be useful to community leaders – in essence, sharing with them why they should measure, how to measure and providing examples of what to measure.

A Goal to Reach For

Entrepreneurship development can be a Triple Bottom Line development strategy. By helping entrepreneurs to recognize opportunities and build new ventures, communities can experience improvements in the economy, the environment, and the diversity of residents actively participating in civic life. But, these broad outcomes will not occur without being very intentional about designing entrepreneurship to achieve Triple Bottom Line outcomes.