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NEWS AND IDEAS FOR THE ORGANIZATIONAL LEARNER

Redefining Business Success: The "Triple" Bottom Line

BY SARA SCHLEY AND JOSEPH LAUR

On Earth, we live in a closed system with respect to matter; there are certain physical limits that we must respect if all life on Earth is to thrive and prosper for generations to come. To describe the implications of this reality for business, Karl-Henrik Robèrt and his colleagues at The Natural Step—a Swedish organization that helps businesses and professional organizations explore ways to achieve sustainability—introduced "the funnel." The concept behind the funnel is that while exponential population growth is causing increasing demand for products and services, the Earth's capacity to provide water, fisheries, arable land, food, forest cover, and waste absorption are declining. As time moves forward, the narrow portion of the "funnel" puts more and more pressure on

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Many companies have come to recognize the benefits of instituting policies that help employees balance work and family responsibilities, such as flextime, maternity/paternity leave, and telecommuting. These programs often result in less turnover and a more committed workforce. But organizations need to be sure that work/family initiatives don't alienate or demotivate employees who don't need to accommodate family demands. If these workers feel that they aren't receiving the same benefits as other employees, or that they have to work harder to provide others with the flexibility they need, then work/family policies can actually undermine—instead of boost—morale.

To avoid a backlash, examine your employee benefits package and departmental practices to be sure that no one group is given advantages that others aren't, such as

FROM THE FIELD
The People Side of Change

BY ANDREA SHAPIRO

Organizational change occurs when people change—not when we modify organizational charts or introduce new tools. As people think about and approach their jobs in new ways, real change takes place within them. It then spreads throughout the organization if employees recognize its positive impact on the way they do their work and if the change is led and supported by management.

Nortel Networks, a leading multinational data and voice telecommunications company, has successfully addressed the factors that affect change in its recent efforts to provide more seamless customer service and standardize and streamline internal processes. The Supply Chain Management (SCM) initiative represents a major change effort that has involved integrating multiple product lines and locations.

Keys to Successful Change

Nortel Networks has found that support for significant organizational change must include two important factors: *infrastructure support* such as tools and computer systems and *people support* such as leadership, training, and communication. If both the infrastructure and people support are insufficient, then people will not recognize the value of the change to their own jobs—and the change effort will fail. If people support is high but infrastructure support is low, people will believe that management's commitment to the innovation is insincere. This skepticism makes workers slow to adopt the behaviors needed to make the change successful. Conversely, if infrastructure support is high but people support is low, then employees are left unfamiliar with the new

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tools and confused about their role in the change process.

To ensure adequate infrastructure support for the change effort, Nortel Networks installed powerful new software applications, along with the necessary computers, servers, and networks. But recognizing that people are its strength, the company has also given attention to the human side of change. The SCM implementation teams have taken steps to promote trust and inspiration, collaboration, and face-to-face communication.

Trust and Inspiration. The Enterprise Europe team in Cwmcarn, South Wales, recognized that the best way to ensure success in implementing a change is to involve both management and end users. To involve workers in the process and address their concerns about SCM, the implementation team has held focus groups. Employees are given devices similar to remote controls that they use to input anonymous responses to questions about SCM implementation. The replies are instantly tabulated and displayed to the group in graphical format. This method helps employees overcome their hesitation to give unpopular answers or negative feedback. Seeing the tabulated responses then encourages open dialogue about key issues. The implementation teams of Cwmcarn, South Wales, and Galway, Ireland, have also held one-day sessions featuring a motivational speaker. The objective of these workshops is to provide employees with techniques for confronting, managing, and maintaining change.

Collaboration. The Global System for Mobile Communication

(GSM) team in France reports that their successful implementation of supply chain management in July 1998 was the result of paying careful attention to people's needs. The implementation team designed and instituted an education program. Although the group focused on three training tracks—process, tools, and technology—they also proactively searched for potential problems with the changeover to the new technology.

The functional managers directly affected by SCM also attended mandatory workshops. These sessions were designed to help the managers discover and discuss how their areas meshed together. Managers are usually so involved with their own responsibilities that they do not have time to talk with people from other departments until after a problem develops. Based on their discussions and new perspective on the "big picture," the managers knew where to focus their efforts for successful implementation of SCM. As a result, Yves Element, manager of the order delivery program at GSM, said, "We avoided a lot of surprises at the implementation."

Face-to-Face Communications. Because Nortel Networks is growing

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more flexibility with schedules or options to decline assignments or travel. Are single employees or those without children expected to travel more or work longer hours than workers with families? Also, when you ask for feedback on benefits, include an equal sampling of people with children and those without.

Source: Positive Leadership, *sample issue.*

CORPORATE JESTERS

Team learning thrives in organizational cultures that support an honest exchange of information. One way to ensure openness about "undiscussables" is to appoint a "corporate jester." Like medieval court jesters or fools, corporate jesters are empowered to question authority, promote honesty, and address problems using unique, out-of-the-box approaches. For example, Paul Birch served as **British Airways'** first corporate jester. His main role was to say things that other employees were afraid to articulate. As he put it, "One of the roles of the jester is to declare, 'Just because you're the boss doesn't mean that you know better.' The jester's role is to draw attention to things that are going wrong, to stir things up."

By eliminating fear, the jester can help unleash creativity within an organization. One technique that Birch uses is to ask people to make a list of ideas that they think would get them fired. He then helps them recast the items into constructive proposals for change.

Source: "He's No Fool (But He Plays One Inside Companies)" by Curtis Sittenfeld, Fast Company, *November 1998.*

Redefining Business Success

so quickly in the Caribbean and Latin America (CALA), many Nortel employees in the region have been on the job less than six months. This creates unique challenges in implementing SCM. In response, Hope Reynolds, senior internal communications specialist, produced the "CALA SCM Road Show," a program that explains the rationale, benefits, and structure of SCM. The traveling program included a video, a game, executive presentations, and a depiction of the SCM vision map. Hope used the road show to introduce new CALA employees to Nortel while explaining SCM and their role in it, and to illustrate to existing employees that SCM would address problems that they had identified.

Creating the Environment for Organizational Change

Properly supported, an effective organizational change effort drives its own growth. People who recognize the value of the change become advocates of it and communicate the results they've derived from it. The role of management and change agents, therefore, is to create an environment that supports both infrastructure and people—the "hard" and "soft" sides of change. By recognizing the interaction of these factors, Nortel Networks has positioned itself for future changes. ◧

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business and industry, especially on efforts to establish prices, to compete, and to earn a profit.

Yet what would happen if we turned these constraints around and saw them not as challenges but as opportunities for innovation in business—just as a skilled engineer or architect uses the constraints posed by his or her project as catalysts for designing creative, attractive, and valuable solutions? To see constraints through the lens of opportunity, organizations need to adopt a systems view and see natural systems principles as strategic guidelines for product and service development. Companies that can develop strategies in alignment with sustainability principles will avoid getting squeezed by the walls of the funnel, and will hone their competitive edge in the marketplace.

The Triple Bottom Line

To many people, the idea of the "bottom line" brings up images of the financial measurement or success of an organization. "Bottom line" means hard-core numbers: Did the company make a profit this year or didn't it? However, true success can be measured in a number of different ways; for example, when talking about sustainable development, it is useful to refer to the concept of the *triple* bottom line. Attending to the triple bottom line means meeting the *financial, ecological,* and *social* needs of the present while maintaining the ability of future generations to meet their own needs.

Some key issues emerge when we consider organizational strategies and actions in light of the triple bottom

line. Specifically, the concept prompts us to think about the financial benefits of practicing sustainable development, the impact of our operations on the natural systems that the company uses and depends on, and the ramifications that our business

> *Attending to the triple bottom line means meeting the financial, ecological, and social needs of the present while maintaining the ability of future generations to meet their own needs.*

actions have for the surrounding community and society.

Companies that fail to tend to the *financial* bottom line obviously do not stay in business very long. However, this element of the triple bottom line is probably one to which organizations pay the *most* attention. It's relatively easy for managers to ask, "How does this particular product, service, or action impact our business?" When managers consistently make poor choices in this arena, the company may meet an early demise.

Failure to consider the *ecological* impacts of operations can also bring about devastating losses for companies. These losses may well extend beyond the costs of inefficiency and environmental compliance to the destruction of wetlands, contamination of groundwater, and the health of entire communities. W. R. Grace is an example of what can happen if managers ignore the ecological