6-27-2011

The Triple Bottom Line in Buffalo: Standards for Economic, Social, and Ecological Success

Jeffrey Baker

Follow this and additional works at: https://digitalcommons.ilr.cornell.edu/buffalocommons
Thank you for downloading an article from DigitalCommons@ILR.
Support this valuable resource today!

This Article is brought to you for free and open access by the Centers, Institutes, Programs at DigitalCommons@ILR. It has been accepted for inclusion in Buffalo Commons by an authorized administrator of DigitalCommons@ILR. For more information, please contact catherwood-dig@cornell.edu.
The Triple Bottom Line in Buffalo: Standards for Economic, Social, and Ecological Success

Abstract
In respect to human capital, or people, the triple bottom line requires fair and beneficial business practices towards employees, the community, and the region. Such practices include offering fair salaries, safe working conditions, decent hours, healthcare, and educational opportunity. In terms of the environment, or the planet, the triple bottom line requires businesses to engage in sustainable environmental practices. Businesses aim to reduce their carbon footprint by carefully managing their energy consumption and disposal methods while also ensuring that limited resources are maintained in order to preserve the environment for subsequent generations.

Keywords
Buffalo, Economic Development, High Road Economic Development, Policy Brief, PPG, PDF

This article is available at DigitalCommons@ILR: https://digitalcommons.ilr.cornell.edu/buffalocommons/180
The Triple Bottom Line in Buffalo: Standards for Economic, Social, and Ecological Success
Jeffrey Baker

The Triple Bottom Line is defined as the financial, social, and environmental effects of a firm’s policies and actions that determine its viability as a sustainable organization.

What is the Triple Bottom Line?
Differing from the traditional reporting framework, the triple bottom line accounts for ecological and social performance in addition to financial performance. The central goal of the triple bottom line framework is to achieve sustainability – allowing for society to meet its current needs without compromising the ability of future generations to meet their own needs.

In respect to human capital, or people, the triple bottom line requires fair and beneficial business practices towards employees, the community, and the region. Such practices include offering fair salaries, safe working conditions, decent hours, healthcare, and educational opportunity.

In terms of the environment, or the planet, the triple bottom line requires businesses to engage in sustainable environmental practices. Businesses aim to reduce their carbon footprint by carefully managing their energy consumption and disposal methods while also ensuring that limited resources are maintained in order to preserve the environment for subsequent generations.

In respect to profit, the Triple Bottom Line encourages businesses to secure a profit; however, it requires that these businesses use a share of their profit to improve the status of their employees and the surrounding environment. As opposed to the traditional framework in which profit in
the solitary goal, businesses following the Triple Bottom Line will consider economic viability, social responsibility, and environmental sustainability as vital to their respective business models. Many studies show that following the triple bottom line framework can open up new markets and actually lead to a larger overall profit.

**Lexington Cooperative Market**

The Lexington Cooperative Market, located on 807 Elmwood Avenue, is a prime example of a triple bottom line business because it does more than simply sell groceries at affordable prices; it also supports the Buffalo community and the surrounding environment. The co-op is a non-profit business that focuses on people and planet while still making enough profit to sustain itself for decades to come.

The paramount goal of the co-op is to meet the needs of its 7,500 members, not to make large profits. Members are able to vote for a Board of Directors, earn a share of excess profit based on the amount they shopped in the store, purchase certain items at discounted prices, and take pride in the fact that they are helping a local business grow.

The company currently has 80 full-time and part-time employees with a starting pay above the minimum wage. Compared to standard grocery stores that tend to see somewhere between 16 to 18 cents out of every dollar return to the local economy, the Lexington Co-op calculates that 50-52 cents of every dollar spent at the co-op is reinvested back into the local economy. Its business model consists of reinvesting as much of the potential profit as the board of directors sees fit back into the store to keep it running at full strength while distributing the rest among its stakeholders (usually around a 10% return rate).

With over 7,500 local members, the dividends the co-op’s owners receive allow for the profit to be spread amongst the community as opposed to just a few – helping the region develop economically as a whole. The business also hosts seminars and publishes newsletters on topics such as cooking using whole ingredients and how to eat well on a budget. The Coop offers occasional store discounts for its members, allowing the community to save money and to eat healthier on a smart budget.
The Lexington Coop demonstrates environmental responsibility through its commitment to selling primarily locally grown, organic food. Using organic food means that harmful pesticides and fertilizers do not enter the farmlands, dramatically reducing the amount of farmland pollution. Along with tracking the amount of money reinvested in the local economy, the business also tracks its carbon footprint on the environment and ensures that it does everything in its power to reduce it. The company recycles every possible item that it can, including food scraps, and uses energy efficient equipment in order to reduce the amount of emitted greenhouse gases.

McCullagh Coffee
McCullagh Coffee, founded in Buffalo in 1867 and located at 245 Swan Street, is another example of a triple bottom line business. A central goal of the coffee company is sustainability, and it seeks to achieve this through resolute attention to the environment, the communities it operates in, and the social justice of individuals associated with the company. The coffee roaster is primarily a business-to-business supplier; its customers serve over 500,000 people each day in over 10,000 different locations across North America. With an increasing price of coffee beans and a competitive market, McCullagh seeks to offer a good that is unique and preferable.

McCullagh strongly believes in the people aspect of the triple bottom line, as seen through its promotion of community participation, activity, volunteer efforts and donations to worthy causes. McCullagh states that it is unusual in that it pays fair wages to its employees and to its suppliers, who are often exploited by large companies. The company also actively encourages its suppliers and stakeholders to join McCullagh to advance environmental preservation, social justice, and economic enhancement and avoids doing business with businesses that do not seek the same goals. With respect to environmental sustainability, McCullagh places a large emphasis on using recovered materials, while also using natural resources responsibly and attempting to reduce air emissions, water discharge, and ground deposit. Just recently, the company introduced its “Ecoverde
Coffee” which is a fully sustainable, 100% Rainforest Alliance certified coffee, grown by farmers paid a fair wage and packed in a 100% carbon neutral, compostable package. In short, McCullagh demonstrates a dedication to people and planet while still remaining profitable.

**Buffalo CarShare**

Buffalo CarShare is a non-profit, membership-based business whose mission is to provide affordable, community-based car sharing services that benefit the environment through practical innovation.³ It allows for people of all social classes to secure a car for a small time period for any purpose rather than taking on the full financial and time burden of owning one.

In other car share programs such Ithaca CarShare, the primary market consists of young professionals and college students; however, in Buffalo, the majority of CarShare users have low incomes and use the program as a necessity. Although the company barely makes a profit, if it does at all, it takes pride in the fact that it helps a single mother take her children to the doctor or a low-income family save money by being able to drive to a bulk grocery store. Members avoid the high maintenance cost of owning a car along with high prices they may face at the gas pump.

Cars are stationed at various hubs around the city at designated parking spots, making it easy for members to find one near to where they live or work. The company currently has a fleet of 11 vehicles and plans to add three to four more cars within the next 6 months to serve the expected 20-30 member increase per month.

CarShare also provides social benefits to the city by encouraging citizens to walk, bike, carpool, or use transit for their daily transportation – increasing local purchasing and making it more cost-efficient for consumers to shop at local specialty stores rather than driving to big-box stores. As a result, the health and economic prosperity of local citizens are both improved, the local economy is strengthened, and neighborhoods become more walkable.
Buffalo CarShare is also committed to environmental sustainability. Members of CarShare tend to drastically curtail their driving after joining the organization, thus reducing the amount of cars on the road. Estimates show that for every car shared, eight to fifteen vehicles are taken off the road, radically decreasing the amount of emitted greenhouse gasses and other fuel emissions into the atmosphere. Members are more likely to use other means of transportation such as walking, biking, and carpooling. The company projects that it will save 890,000 pounds of carbon dioxide in its first year and anticipates an increase in years to come.

**Buckeye’s Chicken**

Buckeye’s Chicken is a new restaurant located on 401 Michigan Avenue opened by local community activist Bishop Perry Davis. Also president of Stop the Violence Foundation, Davis opened Buckeye’s to take away kids’ incentive to commit crime by hiring them to work at his restaurant. Although the restaurant has been quite successful since its opening, the main goal of the business is to help the surrounding community. The restaurant currently employs 24 local part-time workers after receiving over 500 applicants when it first opened. At the restaurant, workers gain skills, work ethic, order and direction so they have the tools to succeed in jobs they will hold later in their lives.

**Buffalo Cooperative Federal Credit Union**

The Buffalo Cooperative Federal Credit Union, located on 816 Elmwood Avenue and 385 Paderewski Drive in Buffalo, also exemplifies the triple bottom line business. The Credit Union is a non-profit business whose members can draw from pooled deposits at a low interest rate. Members need only deposit a minimum of 30 dollars (25 dollar deposit, 5 dollar startup fee) in order to acquire owner status. Currently, membership is open to members of the Lexington Food Co-op, the Parkside Community Association, The Adam Plewacki #799 VFW Post, the Polish community Center of Buffalo, Inc., or family members of an existing BCFCU member. The organization currently employs two full-time employees and three part-time employees.
The Credit Union aims to serve its 1,300 members by providing a fair, balanced, and caring place for its members to conduct their finances. Its mission includes keeping money local and making money to ensure dividend payments to its owners. Members of the Credit Union vote on the Board of Directors, who, among other duties, determine the size of the dividends. The vast majority of the money that goes through the Credit Union is put directly back into the local economy, thus spurring economic development.

**Benefit Corporations**

A benefit corporation is defined as a corporation that uses the power of business to solve social and environmental problems. Too often, a business is pressured into securing as much financial gain for its stockholders as possible without considering the costs and benefits to society and the environment. The goal of benefit corporations is to create businesses with legal responsibility to all stakeholders, including consumers, employees, and the environment.

B Lab, a non-profit responsible for the passing of benefit corporation laws in a number of states, argues that traditional corporations have almost no incentive to take into account environmental and social issues. B Lab also asserts that the current lack of transparent standards makes it nearly impossible to distinguish between a company with good social and environmental practices and one with good marketing. So far, it has been successful in passing legislation in Maryland, Vermont, New Jersey, and Virginia.

In June 2011, a benefit corporation bill (S00079A) was approved by the New York State Senate and Assembly, and it is expected to be signed by Governor Cuomo. Under the bill, a new or existing corporation may elect to become a benefit corporation by stating in its certificate of incorporation that it is a benefit corporation. Benefit corporations are like ordinary corporations in most respects, but with some key features:

- They must have a purpose of creating general public benefit, which means a “material positive impact on society and the environment, taken as a whole, measured against a third party standard.”
- They may also pursue “specific public benefits” such as improving human health, preserving the environment, promoting the arts, or providing underserved communities with beneficial products or services.”
• In discharging their duties, the directors and officers must consider the general and specific public benefits that the corporation is pursuing, as well as the shareholders, employees, customers, and environment.
• They must deliver an annual benefit report that outlines the public benefits created over the course of the year, measured by a third party standard: i.e., a “recognized standard for defining, reporting, and assessing general public benefit.”

1 Triple Bottom Line. Businessdictionary.com
2 Sustainability and Green Initiatives. McCullaghcoffee.com
3 Our Mission. Buffalocarshare.org
4 Buffalo Cooperative Federal Credit Union. Coopcreditunion.com
5 About Certified B Corps. Bcorporation.net