

The two bottom lines - let's start to measure



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The Two Bottom Lines suggested by Roger Kaufman (Kaufman 1998) have given us an entirely new way to assess as well as target organisational performance. While everyone knows that a positive Conventional Bottom Line (CBL) is supposed to mean that an organisation is financially sound, and a negative CBL usually means the opposite, few have thought about the meaning of positives and negatives for the Societal Bottom Line (SBL),

nor about the interaction between the two.

An organisation that is producing a plus for society (and/or the environment) has a positive SBL and there is much reason to believe that such organisations have, in the long term, positive CBLs.

An organisation that produces a minus for society may have a positive CBL in the short term but not in the long term.

However, it is unlikely that an organisation can produce only positives for the SBL. Realistically, trees sometimes must be cut down, and air and water get polluted through human activity. Kaufman's approach to strategy and Total Quality Management begins with an Ideal Vision - a way of generating a surprising level of agreement despite cultural differences (Kaufman 1998 and 1991). From this, the organisation designs its Mega plan - what it will deliver to its clients in terms of society and the environment (see fig.1). The linkage between these ideas and corporate regulation was discussed by Humphries and Forbes (1993). A clear Mega plan will keep social/environmental damage to a very low level because the Ideal Vision on which it is based insists that we aim for zero on negative indicators. The immediate reaction to this from some people is "impossible!" In

fact it is not unreasonable - we aim for the bullseye, not just in the direction of the target!

Many of these indicators make up the reactive part of the Mega plan: to reduce pollution is essentially reactive and this applies to most of the environmental indicators that we have. Some indicators however are

proactive: to reduce crime to zero is proactive if we assume that there has always been some of it around. The reestablishment of forest ecosystems where they have been lost is proactive. On the proactive side, we aim to add further to societal and environmental well-being.

Our human impact

We are only just beginning to measure the full ramifications of human activity. The science of ecology is still new and the costing of ecological change, especially projected far into the future, is even newer. We must find ways to assess the loss of a wetland (just a swamp!), for example, when it becomes a development site, in terms of the loss of species of all kinds that can result. We also have to assess the social asset that may arise from such development activity - we could be talking about reduction of unemployment and poverty, or of increased education and health.

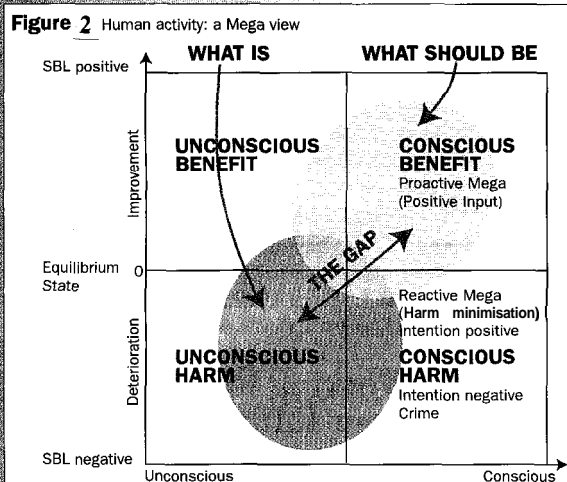
Rather than a trade-off, a zero-sum game, in these activities we will have to seek the synergies between human well-being and environmental health in order to obtain positive growth. Drucker (1993) suggests that the new capitalism is not of money and things, but knowledge and ideas, thus signalling the end of the zero-sum game. This means that the SBL offers the opportunity for organisations to break free from the limitations of this game and to reach success through positive contributions.

Changing a Mega-negative world

Are there currently organisations that are Mega-neutral - providing neither positive nor negative contributions, and therefore in stable equilibrium? Under present conditions, we wouldn't know because few organisations are attempting such an assessment.

We do have to contend with one undeniably accurate measurement. The continuing degradation of the biosphere, according to every available measure (biodiversity, rate of extinction, pollution levels...), proves that the sum total of human activity, and probably of most human organisations (and individuals) must be operating Mega-negative. It is also clear that most of what is being done is unconscious - organisations simply don't think about it. Their employees are often more conscious, but at every level in the organisation they usually feel that they are powerless to affect the system in which they operate. Because no Mega dialogue takes place within the organisation, no ideas are proposed that could change the situation.

In our attempts to deal with 'unavoidable' pollution, we now allow polluters to buy 'non-pollution' and average! Such linear thinking will not solve our problems. The idea of buying the right to pollute from a low-polluting organisation (or country) would



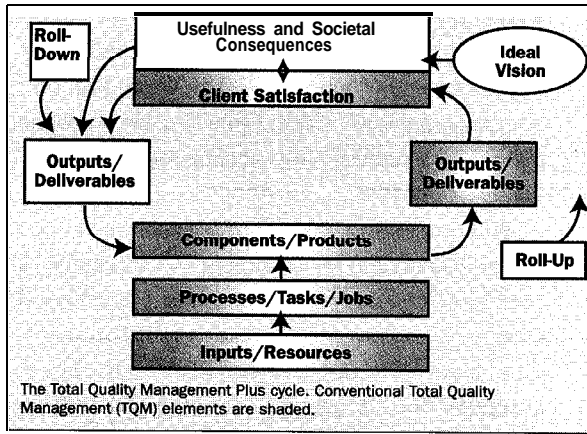


Figure 1. Relating conventional Quality Management with MEGA-level thinking.

in reversing the negative trend or at least bringing it towards zero by a high level of recycling (this as distinct to downcycling, in which high quality goods appear again as low quality). This has led to the discovery of new forms of profitability and employment.

Logically, pollution and other harm to clients and our shared world are not profit-friendly when seen in the mid-run or long run. Dead people don't become repeat customers. Ill people don't participate in a robust economy nor have much energy or capital left over to become active in the market-place (Kaufman 1998).

Some companies might be surprised to find that their activities are Mega-positive when assessed. This would apply to many public sector organisations (but not all - some would be negative, as most flagrantly in the former USSR). In the current rush to privatise, little thought is given to whether the private takeover will produce the same positive contribution at the Mega level (Kaufman 1998/2). We have to recognise that the primary reason for the existence of the public sector is its contribution at the Mega level.

only occur to one that has not tried Mega thinking and has not experienced the creative range of solutions it can generate once the topic is on the agenda.

In contrast to this, German industry has for a decade or more set an example

Conscious harm and benefit

Just as few organisations today are consciously trying to becoming Mega-positive, so most are unconsciously operating as Mega-negative. We cannot be forgiving towards the activities of organisations that pollute or otherwise damage society and the environment unconsciously. In law, ignorance has never been regarded as a good defence. Regulations and laws are gradually being developed to govern these issues, but more hope lies in educating organisations and their people. As with taxation, voluntary compliance will be more effective than having to enforce it.

In contrast to the above, there are organisations that are quite consciously and intentionally Mega-negative. Such organisations operate in such a way as to 'mine' the Earth and its people to maximise the very short-term CBL. Among examples would be fishing fleets with 50 km nets, companies that clear-fell Pacific islands, the exploitation of child labour, and the activities of tobacco companies. When the resource is mined out, they move to find another (another ocean, another forest, another child, another country with less restrictive laws about smoking). Such organisations are aligned with crime organisations (which no one can doubt are Mega-negative) and should be dealt with in the same way by national and international law. A Mega view of human activity is suggested in fig. 2.

When we look for the new sources of the tive that our biosphere and world community require, we should think long about initiatives such as the Grameen Bank and its spreading 'Replications'. Their process of microlending to individuals in complete destitution tends to support low-tech means to improve ment. Because the people themselves are closely linked

to, and impacted by, their environment (and not living in a city building hundreds of kilometres away) education about Mega should be easier for them -as it is for indigenous peoples whose activities have often reflected their feelings about the Earth and its future.

The SBL-CBL interaction

If we now consider the interaction between SBL and CBL, experience shows that focusing exclusively on either can severely affect the other, and that both must be considered together as part of an integral system that ultimately links to the planet we live on. At the same time, the SBL is the fundamental and any CBL-related activity must add value at the SBL level. This gives constant orientation and guidance for decision making.

A contracting CBL is often made the justification for carrying out activities that negatively impact at the Mega level. However, companies do not automatically take an increasing CBL as an opportunity to do something positive. Where Mega is already negative, a contracting CBL may be an advantage to us all.

We must bear in mind that achievement of positive SBL and CBL at the Mega level, implies that they must also be positive at the Macro and Micro levels of planning, and also at the levels of Inputs and Processes. This means that the level of education and understanding necessary to work Mega-positively has to move through the entire workforce and reach out to suppliers and customers. While this is a challenge, we can take heart from the fact that it is at the base of the organisation that we interface with society and the environment - and usually the customer. The information we require is at that interface, and it is also there that we can find or generate many of the ideas we require to bring about change. Q

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