

Business and Entrepreneurship

Class XII



Royal Education Council
Royal Government of Bhutan
Paro

3.4 Sustainability of Business Model

Sustainable business model can be defined as a business model that creates, delivers and captures value for all its stakeholders without depleting the natural, economic and social capital it relies on.

Conceiving business ideas and establishing businesses are very important. Building a sustainable business is even more important. There are several methods and standards used for assessment and certification of the sustainability of a business, not just from the financial or economic perspective but also from the environmental and social perspectives. While most of these tools and standards are used for already established businesses, it may be thoughtful and important to consider sustainability of the business before the business is even being established. Therefore, assessment of the sustainability of the business model is deemed important.

Startups could explore using following approaches for assessing the long-term sustainability of their businesses:

3.4.1 Triple Bottom Line

Conventionally, businesses were mostly driven by profit motive. However, businesses today have given strenuous focus on sustainability beyond profitability. Social and environmental aspects of sustainability have now become more important especially with growing level of knowledge and awareness amongst the general populace on social and environmental issues. Triple bottom line theory expands the conventional accounting framework to incorporate social and environmental impacts of businesses. The triple bottom line is often referred as 3Ps of sustainability – People, Planet and Profit.

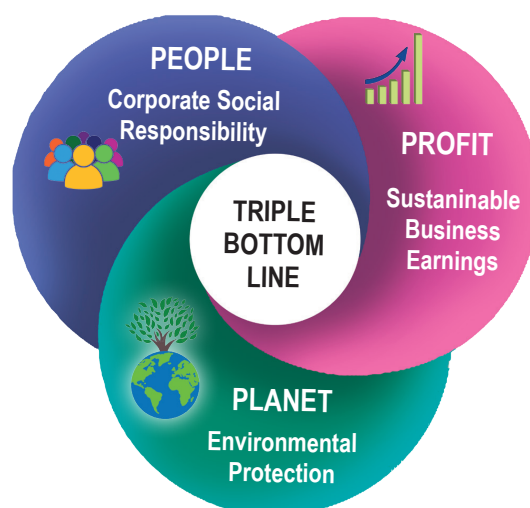


Figure 3.3: Triple bottom line

The long-term success and sustainability of the business is not just determined by how much profit the business earns, it is equally determined by how the business fulfills its social and environmental responsibilities. Therefore, it is essential for startups to understand the importance of triple bottom line and decide on incorporating 3Ps into their business model.

Learning Activity 3.3

This learning activity aims to facilitate learners to integrate Triple Bottom Line into their proposed businesses.

Instruction: Read the article in the box 3.1 on Manufacturing of Egg Tray under the initiative of YDF and complete the task.

Task:

Deliberate on integration of Triple Bottom Line into your proposed businesses and present the results to the class.

Box 3.1: *An Application of Triple Bottom Line at Waste Paper Recycling Unit: Manufacturing Egg Trays – an Initiative of YDF*



The Waste Paper Recycling Unit (WPRU) is an innovative, green and social enterprise dedicated to manufacturing pulp egg trays with a certain percentage of profits going to youth development projects in Bhutan.

With the vision to preserve Bhutan's natural environment, the enterprise recycles wastepaper into pulp egg trays to meet the demands of local poultry farms. On the social front, it offers employment opportunities to the youth and generates fund for youth development projects in Bhutan.

Bhutan Youth Development Fund (YDF) launched this green enterprise in 2015 with an establishment funding from the UNDP's Small Grant Program (SGP) and Goodwill Foundation USA on an industrial estate area leased by the Ministry of Economic Affairs at Bjemina, Thimphu.

In the last six years, the enterprise has recycled over 270 metric tonnes of wastepaper and manufactured more than 4 million egg trays (valued at Nu. 13.2 million) for poultry farmers in Bhutan. As a social enterprise guided by the principles of the triple bottom-line — people, planet, and prosperity, it is adding social and environmental good to the goal of turning a profit by:

People (social) *employing young* and early school-leavers, and in particular, those youth who are recovering from substance abuse addiction as production associates. Through our local distributor, Karma Groups, pulp egg trays go to poultry farms at a competitive price.

Planet (environment) *collecting and recycling wastepaper* into pulp egg trays, through conscious, sustainable ways leaving behind a minimum ecological footprint. According to a UNDP environment expert, the annual environmental value of the enterprise is **142 tonnes of GHG emission** (Green House Gas) avoided and sink protected, **985 trees saved** and **2027 litres of water saved** due to recycling of waste papers.

Prosperity/Profit (economy) *boosting local economy* by substituting import of egg trays; and *generating surplus* to be self-sustaining and supporting the organisation's overall youth development efforts like educational scholarship, rehabilitation of drug addicts etc..

Like any entrepreneurial venture, and as the country's first egg tray manufacturer, the social enterprise has had challenging times. Drying of egg trays has always been challenging since the enterprise follow natural drying process, and for the fact that egg trays have high moisture content. Generating huge surplus is also difficult because pulp egg tray is a low economic value product and the enterprise is a not-for-profit venture — the dual economic and social foci of social enterprises. The ability to scale-up the venture becomes challenging in many ways.

Today, the enterprise produces on average 15,000 egg trays per week from waste papers received free from various government and corporate offices; and bought from Greenerway, schools, and private garbage vendors in Thimphu, which would roughly be 1250 kgs (average) of wastepaper. At the speed of over 50 metric tonnes of wastepaper recycled, in the next ten years, the enterprise will be saving 9850 trees as well as 1419.49 tonnes of GHG emission avoided and sink protected.

Wastes in Bhutan will continue to grow with growing population and consumption pattern. So is the growth of poultry farming due to dedicated support from the Government. The future of the green economy is hopefully promising as YDF ventures into another egg tray project aimed at **achieving the goal of saving 10,000 trees and 1,500 tonnes of GHG emission in the next five years.**

Around the world, social enterprises are fast emerging as an entity of the alternative economy. When the traditional economic systems of a country or market-based solutions fall short to ensure well-being in the society, social enterprises can spearhead disrupting models to solve growing social problems. Bhutan's Gross National Happiness development framework and carbon-negative status quo is a fertile ground for such kind of business models to test and grow. To have an enabling business ecosystem, Bhutan can still emulate countries with proper support mechanisms and structured policies for social enterprises.