

The MultiCapital Scorecard: Rethinking Organizational Performance

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Martin P. Thomas, Mark W. McElroy : The MultiCapital Scorecard: Rethinking Organizational Performance
before purchasing it in order to gauge whether or not it would be worth my time, and all praised The MultiCapital Scorecard: Rethinking Organizational Performance:

2 of 2 people found the following review helpful. How Multiple Capital Accounting Can Save the Planet By John B. Montgomery
The easiest way to change a system is to change its sponsoring thought. What if we changed the sponsoring thought behind the corporation so that it had the dual purposes of optimizing stockholder welfare and providing a material positive impact on society and the environment? We've started doing that with the benefit

corporation, which has been adopted by 33 US states and Italy. What if we also changed the sponsoring thought behind our accounting system so that it not only measures fiscal capital but also measures the impact of business on social and natural capitals? What if our accounting system could recognize the need to attend to the quality and sufficiency of all of a corporation's vital capitals, not just economic capital? What if every corporation had an accounting methodology that allowed it to understand its unique impacts on various capitals in order to better create value sustainably? What if our accounting system could measure whether or not a business is actually sustainable? The MultiCapital Scorecard: Rethinking Organizational Performance by Martin P. Thomas and Mark W. McElroy answers all of these questions and more by providing the first integrated accounting methodology that enables a corporation to measure its social, environmental and economic performance. This book provides the foundational enabling accounting technology that will allow capitalism to evolve from mono-capitalism to multi-capitalism in which corporations will no longer operate disassociated from their social and environmental context and thus be less vulnerable to actions that destroy enterprise value. The MultiCapital Scorecard makes context-based sustainability possible by empowering corporations to establish thresholds for sustainable performance for social and environmental impacts in their appropriate contexts as well as economic impacts. Thus, The MultiCapital Scorecard offers a triple bottom line performance management model that can indicate how far a corporation is from performing sustainably and allows a corporation to see if the impact of its behavior on all of its vital capitals is sustainable, set target thresholds and monitor progress towards meeting them. The MultiCapital Scorecard is short, well written and easy to read in one-sitting. The multi-capital approach to accounting leverages hundreds of years of experience of accounting for fiscal capital so that the resulting system is easy to understand and easy to implement. It has been successfully used by Ben Jerry's and Cabot Creamery, who have been particularly generous in sharing the wisdom of their experience, and can be immediately implemented by any corporation. The MultiCapital Scorecard is the most important book on accounting in decades. If I were assigned the job of re-designing the global economic system, this book would be the blueprint to bring accounting into the 21st century. This book should be required reading for every CEO, CFO, director, Chief Sustainability Officer, corporate lawyer, accountant and sustainability consultant, and taught in every MBA program. The MultiCapital Scorecard has particular relevance to benefit corporations, which are required by law to create public benefit by providing a material positive impact on society and the environment, or in Delaware's case, by operating in a responsible and sustainable manner. Social and environmental impact assessment tools, such as B Lab's Certified B Corporation assessment, provide a measure of social and environmental impact but are not context-based and leave businesses accounting for their performance with traditional fiscal accounting and nothing more. The MultiCapital Scorecard gives benefit corporations an additional tool to demonstrate their commitment to operating sustainably and provides an additional liability safeguard for directors to show how they are creating public benefit and operating their companies responsibly and sustainably. This book has the power to change the world because it not only suggests how accounting can evolve to help create more sustainable corporations but also provides a methodology to do so. If every corporation implemented the multi-capital accounting system contained in The MultiCapital Scorecard today, we could halt global warming by 2030 and begin to design a regenerative economy that could actually reverse it.

For decades now, organizations have been struggling to find the best way to address their social and environmental responsibilities alongside their economic obligations. In other words, they want to know how best to effectively manage their operations based on a triple bottom line (3BL)—one that reflects social, environmental, and economic performance. Recently, an international standard for integrated reporting has emerged that in principle emphasizes the importance of managing toward a triple bottom line. But it fails to provide specific guidance on how to do so. Organizations have been left to their own devices to respond. How should 3BL management actually be done? In this book, sustainability and performance experts Martin Thomas and Mark McElroy introduce the world's most advanced 3BL performance accounting methodology: The MultiCapital Scorecard. It is the first context-based integrated measurement, management, and reporting system. And, it can help corporations, public institutions, and other organizations answer the question they should be asking themselves for every aspect of their operations: "How much is enough for us to be sustainable?" The answers set internal performance standards against which operations and their impacts can be measured. Nothing less will do! The MultiCapital Scorecard describes this open-source methodology, which consists of a structured, quantitative measurement and reporting system that complies with international standards for 3BL integrated measurement and reporting. Moreover, the MultiCapital Scorecard is designed to help organizations assess their own 3BL performance in their own contexts with context-based metrics of their own choosing. An eminently practical management aid for integrated thinking, it can be tailored to any organization's needs. The authors also describe how and why businesses are gradually shifting from managing impacts on only one type of capital (economic) to managing impacts on multiple types. They also provide detailed examples of worked reports, showing how organizations might develop and quantify the interim and long-term goals to meet their obligations to their employees, community, shareholders, and the environment. The examples also show how an organization can use the Multicapital Scorecard methodology to

assess their progress in meeting those goals, and convey that progress to their stakeholders.