I have used numbers throughout my career as a management tool, and have never been particularly visual in my appreciation of things. Nevertheless, I have realized that one of the ways numbers change from very useful to very useless is often the matter of perspective.

In the modern world, there are some aspects of the socio-economy or the political-economy that are reported on almost continuously 24/7. These are things like stock prices on capital markets, corporate profits and GDP growth ... and decision makers and policy makers strive mightily to make these metrics better.

In my view this is looking at society and the economy from the wrong perspective. I argue that this perspective has the corporate organization and stockholders at the center ... with everything else around the periphery ... or excluded from the picture altogether. This is bound to get a result that effectively ignores people and planet .. and this is what we can observe.

Conventional accounting has this perspective, and is a very powerful part of making management information work for profit performance improvement. Conventional accounting has a singular focus on the organization and externalities are ignored.

GDP is a measure at the center of conventional macro economic statistics. The limitations of GDP have been recognized for decades. I often think that corporate management likes the GDP growth metric simply because it makes their job of making profit and improving stock prices so much easier.

These measurement systems are totally inadequate to the large and complex global economy that now exists. Both systems ignore a huge amount of activity that is important to quality of life and important to the sustainability of resources and the health of the environment.

Worse, none of the prevailing metrics gets at the problem of the valuing the impact of massive future indeterminate risks. The popular idea that you can discount the future makes this issue even more of a concern.

Knowledge has expanded enormously during the past few decades, and what we now know is amazing compared to what we knew 50 years ago. Conventional accounting and GDP statistics are where they were a very long time ago, and externalities are ignored even though it is now apparent that externalities are becoming more critical to socio-economic performance than they have ever been.

Measurements need to reflect progress and performance from a lot of different perspectives, with the progress of people at the top. A metric for the performance of an economic activity is impact.
on quality of life and standard of living of people. An effective metrics should embrace this perspective.

Improved quality of life and standard of living will impose stress on the planet ... on resources and on the environment. Metrics should relate progress on quality of life with achieving less damage to the planet.

Metrics should enable the analysis of economic activity so that there is the most progress in quality of life and least damage to the planet. The organization of economic activity should not simply be to maximize the profit for investors, but to do this while also getting good performance with respect to people and quality of life, and with respect to damage to the planet.

In fact, economic activity should be organized and funded not so much to get maximum return for investors but more to get the maximum good for society.

Lest anyone misunderstand ... this is not communism or socialism. This is an enterprise environment, but one where enterprise is organized not so much in the profit maximizing mode but organized to maximize common good.

In order for the common good to be maximized through some form of analysis, there has to be quantification of all the important things that go into the working of the modern economy and society. This may be done using a system of standard values, somewhat similar to standard costs in conventional accounting ... but applicable to everything that matters for people, for the organization and for the environment.

Good metrics have to be relatively easy to use and understand. The same data gets looked at from different perspectives, and the same data are applied to different dimensions of the same thing. This translates into doing numerical analysis not only about people, profit and planet, but also about place and about product. In every case the same core data about real facts gets used for many different views ... perspectives ... and many different actors.

In the end, this helps to get balance ... something that is increasingly missing in the decision making that is supported by the current systems of dysfunctional metrics.

Peter Burgess - TrueValueMetrics - Multi Dimension Impact Accounting

Contact information for Peter Burgess:  Founder / CEO ... TrueValueMetrics

Website: http://truevaluemetrics.org
Email: peterbnyc@gmail.com
Skype: peterburgessnyc
Twitter: @truevaluemetric
LinkedIn for Peter Burgess : www.linkedin.com/in/peterburgess1/
LinkedIn for this blog: https://www.linkedin.com/pulse/article/20140621152142-27861-for-metrics-to-be-useful-perspective-matters