



MULTI DIMENSION IMPACT ACCOUNTING

July 2015

WHAT IS YOUR BUSINESS?

BACKGROUND

Before there can be an efficient conversation about the performance of a business, it is essential to know 'what is the business'. The answer to this simple question will set the stage for the next set of follow up questions.

What does the business do?

There are widely understood simple descriptions of different types of businesses. This can be a very short answer.

How big is the business?

This can be expressed in terms of business revenue. The number of employees is another possible measure of size.

Where in the supply chain does the business operate?

A short answer about supply chain is helpful. Many business operations are only a tiny part of a long a complex supply chain and product life cycles.

Where is the business located?

Every place is different ... so knowing where the business is located is very important.

Who are the customers?

The socio-economic status and demography of the customers is useful.

Who are the suppliers?

The characteristics of the suppliers is useful. Is the business excessively dependent on any one supplier?

How well kept are the business premises?

Maintenance and cleanliness are indirect indicators of management performance.

Who are the staff?

The characteristics of the staff is a useful indicator of the attitude of the business to its staff?

Who are the business owners?

A business run by an owner operator is going to have a different dynamic from one that is owned by absentee owners or investors. This also applies in the case of chain franchises.

What does the business produce?

Product is the thread that connects business (process) to the customers (people).

What products does the business consume?

A business consumes product in order to transform into new products. The product consumed is the thread that connects to business to its supply chain. The product consumed by a business has long links back to environmental and social impact through the whole of the supply chain.

What energy does the business consume?

A business consumes energy on order to operate and produce. There are environmental impacts arising during the consumption of energy by the business and during the supply chain for this energy.

What is energy used for?

Energy efficiency usually can be improved. A starting point is to know what it is used for.

What do the financial accounts of the business show?

Much of the data needed to understand a business are reported in the financial accounts. More detail are available in the vouchers for the financial transactions.

What land is used by the business?

Land is an important limiting factor for socio-enviro-economic growth. How much land that is used for the business is an important factor.

What is this land used for?

The use of land is important in determining impact.

What water is used by the business?

The amount of water brought into the business is important. This has different impact depending on the place. Some places have abundant natural water, other places have water shortages.

What air pollution comes from the business?

Air pollution has many components. Greenhouse gases (CO₂, methane, etc) are one set that impact climate change and global warming, while another set has more direct impact on air quality of direct impact on human health.

What water pollution comes from the business?

Most business processes produce water effluent. The amount and toxicity of this waste determines the impact on the environment. Depending on the place, water effluent has different spatial impact.

What solid waste comes from the business?

Some waste cannot be avoided, but a lot of waste reflects a sloppiness that should be eliminated. Knowing how much is a start.

Is there any active recycling?

Using recycling to reduce the impact of waste helps.

What big issues is the business facing?

This may be something already in the answers, or something totally new.

What are the biggest risks?

What risks? What will be the impact? What is the time line? What is the likelihood?

What are the biggest opportunities?

What are the opportunities? What will it take to make them happen?

AND ... what is the legal structure of the business?

In some ways not at all important ... in other ways absolutely vital.

How easy was it to get answers to this set of questions?

If a business owner has difficulty answering these questions, it is a warning that the operation of the business is likely to be more or less compromised.