



# MDIA – Multi Dimension Impact Accounting

*An initiative for radical reform of the prevailing metrics*

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# MDIA – Multi Dimension Impact Accounting

## About Prevailing Metrics

- Singular focus on money metrics
  - Money profit for business
  - Prices in capital markets for investors
  - GDP growth for policy makers
- One dimension
  - Financial performance of the organization
  - Stock price of the organization
- Short term decision focus
- Metrics ignore externalities
  - Impact on people
  - Impact on planet
- GDP ignores most things that really matter

# MDIA – Multi Dimension Impact Accounting

## What Radical Reform Will Look Like

- Based on old established accounting concepts
  - Money flows: revenues, costs, profit
  - Double entry ... balance sheet and transactions
  - Standard values ... similar to standard costs
- About impact on people as well as profit for business
- About impact on planet
- Short term and long term decision focus
- Metrics include externalities
  - Impact on people
  - Impact on planet
- Multiple reporting perspectives
- Economic activity the central focus

# MDIA – Multi Dimension Impact Accounting

## Economic Activity at the Center of MDIA

- An economic activity:
  - Is anything that uses resources and has outputs
  - Is located in a place
  - Is implemented by an entity ... individual or organization
  - Is associated with products
- An economic activity has impact on people
- An economic activity has impact on planet
- An economic activity produces value change for place
- Economic activity aggregates
  - For the place
  - For the implementing organization

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## Metrics for the Place

- The state of the place
  - Its natural resources
  - Its human resources
  - Its economic activities
  - Its public infrastructure
  - Its organizational infrastructure
- Progress ... change in state over time
  - Quality of life for people
  - Impact on planet
  - Impact on place
  - Profit for business
- Performance
  - How big the progress
  - How much net consumption of non-renewable resources

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## Metrics for the Organization

- The state of the organization
  - The money based balance sheet
  - The human capital
  - The value of net social valuadd
  - Provision for net resource depletion
  - Provision for environmental degradation
- Profit and impact
  - The money profit
  - Direct valuadd for people
  - Indirect valuadd for family
  - Indirect valuadd for community
  - Resource depletion
  - Environmental degradation

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## Metrics for Products

- Products are used in production
  - There is money cost
  - There is also the impact elements in the supply chain
  - There is also the profit component in the supply chain
- Production
  - Add materials
  - Add labor
  - Add profit
- Products are the output
  - They have a price
  - They have a perceived value to the buyer
  - They have cumulative people impact elements
  - They have cumulative planet impact elements
- Products have an impact during use
- Products have a post use waste chain

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## Perspectives

- Place
- Organization
- Individual (people)
  - As investor
  - As employee
  - As consumer
  - For the family
  - For the community
- Planet
- Product
- National economy

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## Behavior Change

- In the organization
- By the organization
- By people
  - As investors
  - As employees
  - As consumers
  - As public officials
- About the place
- About the future
- About the nation

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## Quantifying Value

- Value is very personal
- Value is very important
- The concept of standard value
  - This is the same concept used in cost accountancy ... standard costs
- Value profiles for everyone
  - Use technology to 'crowdsource' all the relationships
- All values are related one to another
- Values not directly related to a money unit

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## Invitation

- MDIA is a big idea
- It facilitates radical reform of the prevailing metrics
- The next steps are mainly associated with technology
  - How to build the standard value database
  - How to build a database of 'state of place'
  - How to build a database of 'impact of product'
- Old fashioned easy information also has value
  - Getting this organized and into a database
- Please get in touch. Please help

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