

# The Von Carlowitz Project\*

## A Measurement-Based Theory of Change

Imagine a world in which the 500 largest corporations on Earth (the [Global 500](#)) routinely measure, manage and report their social and environmental sustainability and not just their profitability. How sustainable would commerce be in that world, recognizing that what gets measured gets managed and what doesn't get measured almost never gets managed? Would the very act of measuring the social and environmental sustainability of companies tend to improve their non-financial performance over time? We think so.

Corporations today scrupulously measure, manage and report their financial performance but not their non-financial performance. Why? Are the social and environmental behaviors of organizations somehow irrelevant to their profitability or to their underlying market values? Were the effects of BP's behaviors in the Gulf of Mexico lost on investors or inconsequential to the company's own financial bottom line? Clearly not.

One thing we *can* say with certainty is that whereas financial reporting in most countries is mandatory, non-financial reporting is not. Sustainability, corporate social responsibility (CSR), and citizenship forms of reporting are largely voluntary with few exceptions. How long it might take for that to change is anyone's guess. But that's not our concern here – we're unwilling to wait in any case.

## Reinventing Performance Accounting

Our plan, instead, is to aggressively promote and facilitate the early adoption of voluntary integrated reporting, by which we mean performance accounting in all of its dimensions – financial and non-financial, both. And unlike other implementations of so-called “integrated thinking”, we hold to a view that not only embraces sustainability reporting per se, but extends it to financial reporting, too. Sustainability, for us, is the overarching criterion, the unifying principle by which performance in all of its forms should be assessed.

Indeed, we want to help companies become early adopters of a type of integrated reporting that is inclusive, not exclusive, of sustainability performance by working with them on a subsidized basis to help [pilot, test and implement](#) a powerful new measurement model from the bottom up – one company at a time. Big steps start with baby steps, and sustainability in the conduct of human economic affairs is no exception.

## Multicapitalism and The Von Carlowitz Project

What we are specifically calling for is the widespread embrace of [multicapitalism](#) in commerce, a radical shift from today's prevailing monocapitalist doctrine in which primacy is afforded to only one type of capital: economic. Multicapitalism, by contrast, defines performance in terms of impacts on all vital capitals, the quality and sufficiency of which are fundamental to human well-being – without it, we're flying blind!

To help make the transition from monocapitalism to multicapitalism (and to sustainable commerce), reform in the kinds of tools, methods and metrics organizations use to measure, manage and report their own performance is required. Chief among them thus far is the [MultiCapital Scorecard](#), an open-source methodology designed (in part by us) for this very purpose – the world's first “triple bottom line” method!

Our mission in this project, then, is to enlist participation from as many of the of the world's 500 largest corporations as possible to [pilot, test and implement](#) the MultiCapital Scorecard (and multicapitalistic measurement and reporting, in general) in their own organizations. We see this as a necessary first step in what it will take to make the transition from old growth economies to new sustainable ones. At an estimated cost of \$100K per pilot, we are seeking \$50 million in multiples of \$100K to perform this project.

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\*[Hans Carl von Carlowitz](#) was an 18th-century Saxon tax accountant and mining administrator who more or less invented sustainable forestry and whose 1713 book, *Sylvicultura Oeconomica*, was the first management text to introduce the concept of sustainability in business and advocate for triple bottom line management, in particular. This project is named in his honor in hopes that his vision can be achieved some 300-plus years later.

