The CSM Cycle

1. Define Boundaries

2. Determine Materiality

3. Set Metrics & Protocols

4. Measure/Assess Performance

5. Plan Strategies & Interventions

6. Implement Strategies & Interventions

Policy Loop

Operational Loop

Report Performance as Needed

Notes:
1. CSM = Corporate Sustainability Management
2. Adapted from Corporate Sustainability Management (McElroy and Van Engelen, 2012)
Summary of the CSM Cycle

**Step 1:** Overall boundaries of the entity to be assessed and managed are defined; will generally include some or all of an organization’s own operations, with the possible inclusion of some or all of its supply/demand chains. Temporal boundaries, too, must be defined.

**POLICY LOOP:** Steps in which performance norms and metrics are defined.

**Step 2:** Materiality analysis is performed in order to determine (a) relevant capital impacts, (b) stakeholders to whom related duties and obligations to perform in particular ways (i.e., to maintain the carrying capacities of capitals) are owed, and (c) areas of impact for which corresponding standards of performance and metrics must be specified.

**Step 3:** Context-based metrics and data collection protocols for material areas of impact are specified; a reporting system/scorecard is also identified (e.g., MultiCapital Scorecard).

**OPERATIONAL LOOP:** Steps in which day-to-day measurement, management and reporting actions are taken.

**Step 4:** Baseline and/or ongoing measures of performance are taken, with reporting steps taken as well (i.e., internal only or internal/external?).

**Step 5:** Performance improvement strategies and interventions devised in order to close gaps, if any, found in Step 4.

**Step 6:** Strategies and interventions devised in Step 5 are implemented.

**Step 4:** Measurement of performance is repeated in order to assess the effects of strategies and interventions undertaken in Step 6. If necessary, the Policy Loop is revisited in order to redefine/update material areas of impact and/or their corresponding standards of performance, metrics, and data collection protocols. Otherwise, the Operational Loop repeats endlessly.

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