

7.1: Measurement and Accounting Tools

There exists a plethora of measurement and **accounting** tools available, depending on the direction your company has decided to follow in terms of social impact, environmental impact, economic impact, or a complete three-dimensional approach to sustainability. Measurement and accounting tools refer to calculators and formulas and are not to be confused with standards, benchmarks, or thresholds for achievement (to be discussed in Chapter 9). These measurement and accounting tools allow the company to measure its current behavior to establish a baseline, to set goals for improvement, and to measure future behavior to determine progress. This chapter will introduce you to the most common tools used by sustainable businesses.

Measuring Impact Tool

The World Business Council for Sustainable Development and the International Finance CorporationWorld Business Council for Sustainable Development and International Finance Corporation (2008). have jointly created the **Measuring Impact Tool**. This tool offers the broadest three-dimensional sustainability coverage by measuring governance, (environmental) sustainability, assets, people, and financial flows. The Measuring Impact Tool is designed to work with the Global Reporting Initiative and the International Financial Corporation's Performance Standards for assessing projects on social and environmental standards before making investment decisions.

Greenhouse Gas Protocol

There are a number of other measurement and accounting tools focused only on the environmental dimension of sustainability. The **Greenhouse Gas (GHG) Protocol** was jointly created by the World Resources Institute and the World Business Council for Sustainable DevelopmentWorld Resources Institute and World Business Council for Sustainable Development (2004, 2005). The GHG Protocol guides a company in creating base year measurements of GHG emissions, both direct and indirect, and allows the company to determine its own future goals for reduction. No comparative threshold or standard is provided. This tool can be used to implement the ISO 14064 standard on GHG emissions, and work currently underway will soon show how the GHG Protocol can be used with the Kyoto Protocol.Although there are a plethora of online carbon calculators available to companies, they do not measure the full scope of emissions as detailed in the GHG Protocol.

Global Water Tool

The World Business Council for Sustainable Development'sWorld Business Council for Sustainable Development (2007). Global Water Tool is currently under development with other groups around the world in order to standardize water footprint measurement, accounting, and reporting.

Global Environmental Management Initiative

In addition, the Global Environmental Management Initiative Water Tool,Global Environmental Management Initiative (2002). while not a quantifiable measurement tool, offers a guide for the corporation in analyzing corporate water usage throughout the supply chain, determining water-related risks and opportunities, and determining if the business case exists to create a water strategy. Both of these water tools are related to a specific environmental focus on water usage and do not consider broader environmental impacts.

Life Cycle Assessments

Life cycle analyses (or assessments, LCAs) are another tool used to measure the environmental impact of a company's performance related to one specific product or service. LCAs do not assess the overall environmental performance of a company; they are focused only on the product or process under review. Nonetheless, LCA is a useful measurement tool for the sustainable business to help determine impacts of various products and services. Please refer to Chapter 5 for further discussion on applications of LCA.

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